

extending aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

6838. Also, petition signed by 24 citizens of St. Paul, Minn., urging support of joint resolution extending aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

6839. Also, resolution adopted at a mass meeting of citizens of St. Paul, Minn., urging support of joint resolution extending aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

6840. Also, memorial from St. Paul Unit, No. 34, Steuben Society of America, urging support of joint resolution extending aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

6841. Also, petition signed by 40 citizens of St. Paul, Minn., urging support of joint resolution extending aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

6842. By Mr. KINDRED: Petition of mass meeting of the citizens of Plattsburg, urging Congress to support national defense act by making appropriations as recommended by the President and Secretary of War; to the Committee on Naval Affairs.

6843. Also, petition of customs laborers of San Francisco, favoring House bill 13382; to the Committee on Ways and Means.

6844. Also, petition of Frederick Snare Corporation, favoring a change in the immigration law; to the Committee on Immigration and Naturalization.

6845. By Mr. KISSEL: Petition of Harry Boland Council, American Association for Recognition of the Irish Republic, Brooklyn, N. Y., urging the Government of the United States to protest against the barbarous executions of prisoners of war now being carried on by the so-called Irish Free State; to the Committee on Foreign Affairs.

6846. By Mr. LINEBERGER: Petition of 21 citizens of Long Beach, Calif., to abolish discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6847. Also, petition from 14 citizens of the ninth congressional district of California, opposing the Bursum Indian bill; to the Committee on Indian Affairs.

6848. By Mr. LITTLE: Resolutions of the Spring Hill (Kans.) Farmers' Union, Local No. 1784, in regard to the Federal reserve bank; to the Committee on Banking and Currency.

6849. By Mr. RADCLIFFE: Petition of 48 citizens of New Jersey, favoring a joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6850. By Mr. RIORDAN: Petition favoring a joint resolution to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6851. By Mr. ROSE: Petition of Cambria County Rural Letter Carriers' Association, Pennsylvania, urging passage of the Ketcham bill, H. R. 13297; to the Committee on the Post Office and Post Roads.

6852. Also, petition of the Republican Women's Organization of Cambria County, Pa., urging a more strict and impartial enforcement of the prohibition law in that district; to the Committee on the Judiciary.

6853. By Mr. SNELL: Petition of citizens of Plattsburg, N. Y., favoring national defense act; to the Committee on Military Affairs.

6854. Also, petition of citizens of Saranac Lake, N. Y., to abolish discriminatory tax on small arms, ammunition, and firearms, internal revenue bill, section 900, paragraph 7; to the Committee on Ways and Means.

6855. By Mr. SMITH of Michigan: Resolutions adopted by Hillsdale Pomona Grange, Hillsdale, Mich., protesting against the passage of House bill 13125, an amendment to the Federal farm loan act; to the Committee on Banking and Currency.

6856. By Mr. THOMPSON: Petition of 177 citizens, Putnam County, Ohio, urging action on House Joint Resolution 412, for the relief of the distress and famine conditions in Germany and Austria; to the Committee on Foreign Affairs.

6857. By Mr. YOUNG: Petition of the Benedict National Farm Loan Association, Benedict, N. Dak., protesting against the Strong bill and urging that it shall not be passed without amendments; to the Committee on Banking and Currency.

6858. Also, petition of the Carson National Farm Loan Association, Carson, N. Dak., protesting against the Strong bill (H. R. 13125), and urging that same shall not be passed; to the Committee on Banking and Currency.

6859. Also, petition of the Ellendale National Farm Loan Association, opposing amendments to the Federal farm loan act; to the Committee on Banking and Currency.

6860. Also, petition of H. Heitmann and others, of Martin, N. Dak., urging the passage of joint resolution now pending in Congress purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6861. Also, petition of F. W. Kalbur and others, of Ellendale, N. Dak., urging the passage of joint resolution now pending in Congress purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6862. Also, petition of J. R. Klundt and others, of McClusky, N. Dak., urging the passage of joint resolution now pending in Congress purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6863. Also, petition of Reo L. Knauss and others, of Bismarck, N. Dak., urging the passage of joint resolution now pending in Congress purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6864. Also, petition of Michael Schmierer and others, of Ellendale, N. Dak., urging the passage of joint resolution now pending in Congress purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6865. Also, petition of National Farm Loan Association, Bottineau, N. Dak., protesting against the passage of the Strong bill without amendment; to the Committee on Banking and Currency.

6866. Also, petition of the National Farm Loan Association, of Cando, N. Dak., opposing certain amendments to the Federal farm loan act; to the Committee on Banking and Currency.

SENATE.

WEDNESDAY, January 17, 1923.

(Legislative day of Tuesday, January 16, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Glass	McKellar	Smoot
Ball	Hale	McKinley	Spencer
Bayard	Harris	McLean	Stanfield
Borah	Harrison	McNary	Stanley
Brookhart	Heflin	Nelson	Sterling
Calder	Hitchcock	New	Sutherland
Capper	Johnson	Nicholson	Townsend
Colt	Jones, Wash.	Norbeck	Underwood
Couzens	Kellogg	Norris	Wadsworth
Culberson	Kendrick	Oddie	Walsh, Mass.
Curtis	Keyes	Overman	Walsh, Mont.
Dial	King	Ransdell	Warren
Fernald	Ladd	Reed, Pa.	Watson
Fletcher	Lenroot	Sheppard	Weller
George	Lodge	Shortridge	Wills
Gerry	McCumber	Simmons	

Mr. CURTIS. I was requested to announce that the Senator from Arizona [Mr. CAMERON] is detained on official business.

Mr. WILLIS. I desire to announce the unavoidable absence of my colleague [Mr. POMERENE] on account of illness. I ask that this announcement may stand for the day.

Mr. BROOKHART. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is detained at a hearing before the Committee on Manufactures.

The VICE PRESIDENT. Sixty-three Senators having answered to their names, a quorum is present.

DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate the following communications, in response to Senate Resolution 399, relative to the number and use of automobiles in the several departments, independent bureaus, and commissions, which were ordered to lie on the table:

A communication from the president of the Columbia Institution for the Deaf;

A communication from the secretary of the United States Civil Service Commission;

A communication from the secretary of the Board of Surveys and Maps of the Federal Government;

A communication from the acting secretary general of the Inter-American High Commission, United States section;

A communication from the Chief, United States Bureau of Efficiency;

A communication from the secretary of the Federal Narcotics Control Board;

A communication from the chairman of the International Joint Commission;

A communication from the clerk of the Commission on Navy Yards and Naval Stations;

A communication from the chairman of the Commission of Fine Arts;

A communication from the executive and disbursing officer of the Arlington Memorial Amphitheater Commission;

A communication from the secretary of the United States Railroad Labor Board;

A communication from the executive and disbursing officer of the Rock Creek and Potomac Parkway Commission;

A communication from the home secretary of the National Academy of Sciences;

A communication from the commissioner of the International Boundary Commission, United States, Alaska, and Canada;

A communication from the executive clerk of the International Sanitary Bureau, Pan American Union;

A communication from the secretary and chief clerk, Federal Board for Vocational Education; and

A communication from the Assistant to the Secretary of the Interior, stating that the information called for will be furnished at the earliest possible date.

HIGH PRICES OF HOUSE-FURNISHING GOODS.

The VICE PRESIDENT laid before the Senate a report of the Federal Trade Commission, in response to Senate Resolution 127, agreed to January 4, 1922, relative to price conditions in the principal branches of the house-furnishing goods industry and trade, etc., which was referred to the Committee on Manufactures.

SENATOR FROM MAINE.

Mr. FERNALD. Mr. President, I present the credentials of my colleague, Mr. HALE, chosen a Senator from the State of Maine for the term beginning March 4, 1923, which I ask may be read and placed on file.

The credentials were read and ordered to be placed on file, as follows:

To all who shall see these presents, greeting:

Know ye that **FREDERICK HALE**, of Portland, in the county of Cumberland, on the 11th day of September, in the year of our Lord 1922, was chosen by the electors of this State a United States Senator to represent the State of Maine in the United States Senate for the term of six years, beginning on the 4th day of March, 1923.

In testimony whereof, I have caused the seal of State to be hereunto affixed.

Given under my hand at Augusta, the 15th day of November, in the year of our Lord 1922 and in the one hundred and forty-seventh year of the independence of the United States of America.

[SEAL.]

By the governor:

PERCIVAL D. BAXTER.

FRANK W. BALL, Secretary of State.

SENATOR ELECT FROM TEXAS.

Mr. SHEPPARD. Mr. President, I present the credentials of **EARLE B. MAYFIELD**, Senator elect from Texas, for the term beginning March 4 next. I ask that the credentials may be read and placed on file.

The credentials were read and ordered to be placed on file, as follows:

CERTIFICATE OF ELECTION, STATE OF TEXAS.

This is to certify that at a general election held in the State of Texas on the first Tuesday after the first Monday in November, A. D. 1922, being the 7th day of said month, **EARLE B. MAYFIELD** having received the highest number of votes cast for any person at said election for the office hereinafter named, was duly elected as United States Senator for the State of Texas.

In testimony whereof I have hereunto subscribed my name and caused the seal of State to be affixed at the city of Austin, on this the 18th day of December, A. D. 1922.

[SEAL.]

By the governor:

PAT M. NEFF, Governor.

S. L. STAPLES, Secretary of State.

PETITIONS AND MEMORIALS.

Mr. McCUMBER presented a petition of sundry citizens of Flaxton, Woburn, Bowbells, Coteau, and Niobe, all in the State of North Dakota, praying for the enactment of legislation to stabilize prices of wheat and other farm products, which was referred to the Committee on Agriculture and Forestry.

He also presented petitions of sundry citizens of Judson, New Salem, Almont, Bluegrass, Ellendale, and Anamoose, all in the State of North Dakota, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Foreign Relations.

Mr. WARREN presented resolutions adopted by the Farmers' Central National Farm Loan Association of Basin, and of the Dubois National Farm Loan Association of Dubois, both in the State of Wyoming, favoring the passage of legislation amending the Federal farm loan act, which were referred to the Committee on Banking and Currency.

Mr. LADD presented a petition of 55 citizens of Taylor, Gladstone, and Lefor, all in the State of North Dakota, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Foreign Relations.

He also presented resolutions of the Carson National Farm Loan Association, of Carson; the Benedict National Farm Loan Association, of Benedict; and the New Salem National Farm Loan Association, of New Salem; all in the State of North Dakota, protesting against the passage of House bill 13125, the so-called Strong bill, amending certain sections of the Federal farm loan act, which were referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (S. 4283) to authorize the Commissioners of the District of Columbia to require operators of motor vehicles in the District of Columbia to secure a permit, and for other purposes, reported it without amendment and submitted a report (No. 1017) thereon.

Mr. TOWNSEND, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 3773) to reduce night work in the Postal Service (Rept. No. 1018); and

A bill (S. 4248) to fix the compensation of employees in post offices for overtime services performed in excess of eight hours daily (Rept. No. 1019).

MISSISSIPPI RIVER BRIDGES.

Mr. CALDER. Mr. President, the junior Senator from Minnesota [Mr. KELLOGG] is exceedingly anxious to have a bridge bill passed, which I am authorized to report from the Committee on Commerce. It is in the usual form and is recommended by the War Department. I therefore report back favorably without amendment the bill (H. R. 13511) granting the consent of Congress to the city of St. Paul, Minn., to construct a bridge across the Mississippi River, and I submit a report (No. 1016) thereon. I ask unanimous consent for its present consideration.

Mr. JONES of Washington. That is with the understanding that it will take no time.

Mr. CALDER. Certainly.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the city of St. Paul, Minn., and its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River at a point suitable to the interests of navigation at or near the point where Robert Street, in said city of St. Paul, crosses the Mississippi River, in the county of Ramsey, in the State of Minnesota, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. CALDER. The Senator from Louisiana [Mr. RANSDELL] is exceedingly anxious to have a House bridge bill passed, which I report back favorably from the Committee on Commerce with amendments. It is the bill (H. R. 11626) to extend the time for constructing a bridge across the Mississippi River at or near the city of Baton Rouge, La. I ask for its present consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, in line 6, to strike out the words "three years" and insert "one year," and in line 7, before the word "years," to strike out the word "six" and insert "three," so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the bridge authorized by the act of Congress approved July 17, 1914, to be built across the Mississippi River at or near the city of Baton Rouge, La., are hereby extended one year and three years, respectively, from the date of approval hereof.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WADSWORTH:

A bill (S. 4357) for the relief of the New York State Fair Commission; to the Committee on Claims.

A bill (S. 4358) to authorize the American Niagara Railroad Corporation to build a bridge across the Niagara River between the State of New York and the Dominion of Canada; to the Committee on Commerce.

By Mr. FRANCE:

A bill (S. 4359) for the relief of L. P. Kelly;

A bill (S. 4360) for the relief of John Henry Burgess; and

A bill (S. 4361) for the relief of Sallie Coleman; to the Committee on Claims.

A bill (S. 4362) to provide aid from the United States for the several States in prevention and control of drug addiction and the care and treatment of drug addicts, and for other purposes; to the Committee on Appropriations.

By Mr. RANDELL:

A bill (S. 4363) providing for a survey of the Mississippi River from Baton Rouge to New Orleans, La.; to the Committee on Commerce.

By Mr. CALDER:

A joint resolution (S. J. Res. 269) authorizing the President of the United States, under the provisions of the first sentence of section 202 of the transportation act, 1920, to pay just and meritorious claims for loss of and/or damage to freight in transportation arising out of or incident to Federal control, and declaring the intent of section 206 (a) of said act in relation to the provision authorizing actions at law against an agent appointed by the President; to the Committee on Interstate Commerce.

AMENDMENTS OF INDEPENDENT OFFICES APPROPRIATION BILL.

Mr. McKELLAR submitted an amendment proposing to strike from the bill the exception that six officers or employees of the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation may be paid a salary or compensation at the rate of not to exceed \$25,000 per annum each and two not to exceed \$20,000 each, intended to be proposed by him to House bill 13696, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

He also submitted sundry amendments providing that passenger-carrying vehicles of the United States Veterans' Bureau, the United States Shipping Board, the Potomac Park office buildings, the Smithsonian Institution, the National Advisory Committee for Aeronautics, the Housing Corporation, the General Accounting Office, the Civil Service Commission, and the Alien Property Custodian either shall be sold in the manner now prescribed by law and the proceeds covered into the Treasury or the appropriations therefor stricken out, or both, intended to be proposed by him to House bill 13696, the independent offices appropriation bill, which were ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House disagreed to the amendments of the Senate to the bill (H. R. 13593) making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SLEMP, Mr. MADDEN, Mr. OGDEN, Mr. TAYLOR of Colorado, and Mr. CARTER were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 251) providing for the filling of two vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, and it was thereupon signed by the Vice President.

POST OFFICE DEPARTMENT APPROPRIATION.

Mr. WARREN. I ask the Chair to lay before the Senate the action of the House of Representatives on the amendments of the Senate to the Post Office appropriation bill.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair) laid before the Senate the action of the House of Representa-

tives disagreeing to the amendments of the Senate to the bill (H. R. 13593) making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WARREN. I move that the Senate insist on its amendments disagreed to by the House of Representatives, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TOWNSEND, Mr. STERLING, Mr. PHIPPS, Mr. McKELLAR, and Mr. HARRIS conferees on the part of the Senate.

TAXATION OF STOCK DIVIDENDS.

Mr. BROOKHART. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 409 submitted by me on yesterday.

The VICE PRESIDENT. The Senator from Iowa asks unanimous consent for the immediate consideration of Senate Resolution 409, which, for the information of the Senate, the Secretary will report.

The Assistant Secretary read the resolution (S. Res. 409) submitted yesterday by Mr. BROOKHART, as follows:

Whereas the Federal Trade Commission reports 328 corporations have released surpluses by the stock-dividend plan during the calendar year 1922, reaching more than \$2,149,151.425;

Whereas section 220, revenue act approved November 23, 1921, provides:

"That if any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its stockholders or members through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 25 per cent of the amount thereof, which shall be in addition to the tax imposed by section 230 of this title, and shall be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax": Therefore be it

Resolved, That the Secretary of the Treasury is hereby requested to furnish the Senate with the names of companies, amounts, and dates of penalties, if any, imposed by the Commissioner of Internal Revenue during said year of 1922, pursuant to the provisions of section 220, Internal Revenue Laws of 1921.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

Mr. JONES of Washington. I understand the consideration of the resolution will take no time?

Mr. BROOKHART. I understand that it will not.

There being no objection, the Senate proceeded to consider the resolution.

Mr. WADSWORTH. May I ask the Senator from Iowa if it is the purpose of the resolution ultimately to make public the income-tax returns of individuals?

Mr. BROOKHART. Mr. President—

Mr. SMOOT. I understand that the resolution applies only to stock dividends.

Mr. BROOKHART. The resolution will apply only to those who have been punished by the imposition of penalties pursuant to law.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

RURAL MARKETING AND CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4280) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal reserve act, to amend the Federal farm loan act, to extend and stabilize the market for United States bonds and other securities, to provide fiscal agents for the United States, and for other purposes.

The VICE PRESIDENT. The pending question is on the amendment proposed by the Senator from Florida [Mr. FLETCHER], which will be stated.

The ASSISTANT SECRETARY. On page 10, in lines 1 and 2, it is proposed to strike out the words "such obligation is by its terms made payable" and to insert "its principal office is located," so that if amended as proposed the clause will read:

SEC. 6. Any corporation organized under the provisions of this act may take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at the rate allowed by the laws of the State in which its principal office is located.

Mr. FLETCHER. Mr. President, I have already stated the reasons why I think this change should be made, and I do not care now to elaborate them. I will merely add that my belief is that if the provision remains in the bill as now drawn it will mean that if any corporations are organized under the bill—and I assume that some will be organized—they will be organized in financial centers and make their paper payable in the

high interest rate States, for that will be allowable under the proposed law. It seems to be a very anomalous and extraordinary provision that if a farmer or stock raiser in Virginia should negotiate for a loan with one of these corporations in New York, the corporation could make the note payable in Nebraska, for instance. I do not know what the rate of interest in Nebraska is, but I merely assume that the interest rate there may be 12 per cent. That would be the kind of transaction which would be permitted under this proposed act as it now reads. I think that the rate of interest in the State in which the principal office of the corporation is located should be the rate of interest fixed or, as suggested by the Senator from Wisconsin [Mr. LENROOT], it might read "the State where the borrower resides." I should not have any objection to that; but it does seem to me that the provision as now drawn is unusual and is not justified. I have no further comment to make on it.

Mr. McLEAN. I do not object to that amendment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Florida.

The amendment was agreed to.

Mr. FLETCHER. On page 12, in line 17, after the word "organized," I suggest an amendment by adding the words "or doing business." The purpose of that amendment is to allow corporations already existing to qualify under this proposed act, but if the provision is limited to those organized under the act they would not be included.

Mr. McLEAN. It might be assumed that corporations already organized could qualify, but I have no objection to the amendment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Florida.

The amendment was agreed to.

Mr. FLETCHER. At the top of page 13, line 1, there is a mere clerical error, which I think should be corrected. The word "corporations" in that line ought to be "corporation" in order to make the language grammatical.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Florida.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, we now come to an important section of the bill—section 9—which provides:

SEC. 9. That no corporation organized under this act, except corporations with powers limited, as provided in section 8, shall commence business until it has deposited with the Federal reserve bank of the district wherein it has its principal place of business, bonds or other obligations of the United States in an aggregate face amount at least 25 per cent of its paid-in capital stock.

I wish to propose an amendment, after the word "business," in line 22, to insert the words "Federal farm loan" and to strike out the word "other" in that line, so as to read:

Deposited with the Federal reserve bank of the district wherein it has its principal place of business Federal farm-loan bonds or obligations of the United States in an aggregate face amount of at least 25 per cent of its paid-in capital stock.

It seems to me that farm-loan bonds are just as good security as any other security that might be pledged or deposited as collateral with the Federal reserve banks.

Mr. McLEAN. Mr. President, that may be true; but there may also be a great many other varieties of bonds which are just as good as United States bonds. There are, however, plenty of United States bonds which may be obtained, and it seems to me unwise to enlarge in any way the character of security which shall be held as reserves. I object to the amendment. Farm-loan bonds are all right at present, and I hope they will continue to be; but, as there are plenty of United States bonds which may be used for this purpose, I do not see any need of the amendment.

Mr. FLETCHER. Mr. President, one purpose of the amendment would be to increase somewhat the demand for farm-loan bonds and to broaden to some extent the market for such bonds. I would not propose the amendment if I did not feel that farm-loan bonds are absolutely safe. All we want to do is to make the system safe and sound, and I think farm-loan bonds are just as good security as the obligations of the Government.

Mr. UNDERWOOD. Mr. President—

Mr. McLEAN. Mr. President, if the Senator from Alabama will pardon me for a moment, the last issue of farm-loan bonds, of which, I think, there were something like \$75,000,000, sold in half a day, and they sold above par. I do not believe that it would be very easy to secure such bonds. It might be possible for corporations established under the bill to get them, but they are sold to private parties as a high-class investment; and I see no necessity whatever for making them eligible under this bill.

Mr. FLETCHER. Of course, the amendment would enlarge the scope of the deposit; that is to say, as the bill would read without the amendment I propose it would be necessary to secure Government bonds to make the deposit. The amendment would simply allow the corporation, if it sees fit to do so, to utilize either farm-loan bonds or Government bonds, whichever might best suit the corporation.

Mr. GLASS. Mr. President, it seems to me that there is no more valid reason why we should permit Federal farm loan bonds as security for loans negotiated than that we should permit to be so used the bonds and stocks of great railroad corporations which are just as good security as farm loan bonds. As a matter of fact, we should never have permitted United States bonds to be used as collateral security by the Federal reserve system if at the time of the enactment of the Federal reserve act anybody could have conceived that the day would ever come when there would be \$24,000,000,000 of United States bonds outstanding. What we had designed to do for 50 years theretofore, ineffectually, was to get away from a rigid bond-secured currency which was never responsive to the commercial needs of the country in times of exigency.

The distinguished Senator from Florida [Mr. FLETCHER] said yesterday that any security that was good was elastic. I differ from him on that proposition. In 1907, for example, United States bonds were good, but without going through the process of getting a national-bank charter and taking out circulation they were not good for currency and not a dollar of currency could be obtained on them. The Pennsylvania Railroad stocks and bonds were secure; they were good; but there is not a bank in the United States that could have obtained a dollar of currency on them, because such securities are not liquid collateral for loans.

Federal farm loan bonds are not Government securities; they are the evidence of indebtedness of private corporations; and if we ever once open the door for this type of security as a basis for currency and credit issues there is no telling where we will stop. As I said awhile ago, if we could ever have conceived that there would be \$24,000,000,000 of United States bonds outstanding at one time, we would never have made United States bonds a basis for loans of a quick commercial nature; and in the final analysis that is what this bill provides, namely, loans of a commercial nature.

Senators undertake to differentiate commercial banking from investment banking, but their differentiation is not altogether clear. They undertake to differentiate commercial loans from farm loans, although 95 per cent of the business of agriculture is of a commercial nature; it is sale and barter; it is not investment. A great deal of it is speculation; but nobody as yet has been able to define the line between speculation and investment.

So I sincerely hope that the Senate will not decide to permit this entering wedge, because if once we accept the securities of private banking corporations or corporations of a private nature engaged in any activity as security for quick credits and issue of currency there is no telling where we will stop.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was rejected.

Mr. FLETCHER. Mr. President, I am in favor of striking out this entire section down to line 10 of page 15, because I think it is unnecessary. I will not ask that, however, but I call attention to the provisions of this section.

None of these corporations can be permitted to do business until they shall deposit 25 per cent of their capital in United States bonds with the Federal reserve bank. This whole section—this whole bill, in fact—has been framed upon the basis and in the manner and after the form of the national bank act. You can take it from start to finish, and you will see that those who drafted it had before them the original national bank act, and they framed this law following that draft. The original national bank act provided for the deposit of United States bonds with the Comptroller of the Currency. A certain per cent of the capital of the bank had to be invested in United States bonds, and they had to be deposited here with the Treasury before the bank could do business.

The conditions to-day are altogether different from what they were in those times. When that act was framed it was important to find a market for United States bonds. That was done by giving the monopoly to the banks that were organized under the act to issue currency and circulating notes used as money against these bonds. The banks were "sweetened" in a way by the provision which enabled them to draw the interest on the bonds which they put up with the Treasury, and at the same time issue circulating notes against the bonds, pay no interest on the bonds, which were bank debts, and get in-

terest from the loaning of that as money. That satisfied the banks. That, together with the other provision which taxed out of existence State banks, created a market for Government bonds.

We do not need that sort of thing to-day. Now, why require these corporations to put up with the Federal reserve bank 25 per cent of their capital in United States bonds before they can begin business, and allow them no benefit of credit whatever by reason of that investment of their capital in those bonds, and then follow that with another provision which requires that $7\frac{1}{2}$ per cent of their total liabilities shall be thus invested in Government bonds deposited with the Treasury while they are doing business? In other words, under section 5 the capital must be 10 per cent of the total liabilities. Here you say that $7\frac{1}{2}$ per cent of the total liabilities must be kept always invested in bonds deposited with the Federal reserve bank. That means to say that 75 per cent of the capital of these corporations shall be invested in bonds deposited with the Federal reserve bank if they do a maximum business. They must have 25 per cent of their capital on deposit before they can begin, and then, as they proceed, they must keep $7\frac{1}{2}$ per cent of their liabilities always on hand, which means 75 per cent of their capital when they are doing a maximum business.

Mr. McLEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. FLETCHER. I yield to the Senator.

Mr. McLEAN. The Senator understands that this reserve does not affect their loaning capacity at all. They can loan up to ten times their capital and surplus.

Mr. FLETCHER. Yes.

Mr. McLEAN. It does not affect the loaning capacity of these institutions a particle.

Mr. FLETCHER. I realize that.

Mr. McLEAN. Does the Senator claim that they should not have any reserve?

Mr. FLETCHER. I am going to offer an amendment, to which I am leading up, providing that 20 per cent of their capital shall be invested in these bonds to enable them to begin business, and then reducing the $7\frac{1}{2}$ per cent to 5 per cent so that when they are doing a maximum business not over 50 per cent of their entire capital shall be tied up in the bonds deposited with the Federal reserve bank.

Mr. McLEAN. But, Mr. President, it is not tied up, so far as their ability to do business is concerned. This reserve does not affect their ability to loan and discount. It makes no difference whatever with their ability to do business. It is merely a reserve requirement which they ought to have.

Mr. FLETCHER. They can not, it seems to me, compete with corporations organized under State and Federal charter which are not hampered in this way, requiring 75 per cent of their capital to be invested in bonds.

Mr. McLEAN. I shall be glad if the Senator will indicate to the Senate wherein they are hampered.

Mr. FLETCHER. They are hampered because they have 75 per cent of their capital tied up in bonds.

Mr. McLEAN. It is not tied up, it is merely deposited—put in safe-keeping.

Mr. FLETCHER. I know. They are getting $4\frac{1}{2}$ per cent, we will say, or 4 per cent, on that amount of money. They are entitled to earn more than 4 per cent on their capital.

Mr. McLEAN. That is another proposition.

Mr. FLETCHER. Here you have 75 per cent of their capital on which they can not possibly earn over 4 per cent—the rate of interest paid on Government bonds.

Mr. McLEAN. If they loan ten times their capital they earn on that.

Mr. FLETCHER. I understand that; but I submit that it is not necessary to require that these corporations shall keep on deposit with the Federal reserve bank $7\frac{1}{2}$ per cent of their total liabilities, which may be ten times the amount of their capital.

Mr. McLEAN. I did not mean to say that they would earn 4 per cent on \$2,500,000. I do not know what they would earn, but they would get their interest on their bonds wherever located, and the reserve deposit does not reduce their capital.

Mr. FLETCHER. Under the law as it stands the Federal reserve bank can issue circulating notes against Government bonds, so that when Government bonds are deposited there now by any bank they can get circulating notes on those bonds. This corporation will not be able under this bill to get any credits, any notes, or any benefits by reason of the deposit of Government bonds with the Federal reserve bank. It puts it in a different situation from other financial institutions.

Mr. SMOOT. Mr. President, under the law one of these banks with \$100,000 capital can lend \$1,000,000. Do I understand that the Senator does not want any security held as a reserve upon that amount of loans—\$1,000,000?

Mr. FLETCHER. I am willing, as I said, to have this reduction to 20 per cent to begin with of the capital of the banks invested in bonds and held as general collateral with the Federal reserve banks, and then to require them always to keep on hand 5 per cent of their total liabilities in bonds, but not $7\frac{1}{2}$ per cent. That would be 50 per cent of its entire capital, if it is doing a maximum business, invested in United States bonds deposited with the Federal reserve bank.

Mr. SMOOT. It is not on the capital, I will say to the Senator, as I think he knows. Every time they make a loan over and above their capital there is a liability; and I simply say that if their capital was \$100,000, they are authorized to make \$1,000,000 of loans. Therefore \$900,000 of those loans have to be made on what? Not on capital; that is out entirely; but there ought to be a reserve at least of $7\frac{1}{2}$ per cent on the \$900,000 that may be loaned, with the \$100,000 capital, making \$1,000,000.

Mr. FLETCHER. Does the Senator believe that 5 per cent would not be ample protection?

Mr. SMOOT. I will say to the Senator that if I were running it myself, and had any responsibility at all as an officer of an institution, I would say that $7\frac{1}{2}$ per cent was little enough. I would walk the floor many a night, even with $7\frac{1}{2}$ per cent, if trouble came. Let us not make it less than $7\frac{1}{2}$ per cent. It is not going to do the farmer any good at all, because he wants to be secure in whatever he undertakes, and I do not believe that the 5 per cent is ample.

Mr. FLETCHER. If the Senator were doing business as a member bank and put up $7\frac{1}{2}$ per cent of his liabilities in United States bonds, that might be all right where you could call on the Federal reserve bank to issue to you circulating notes.

Mr. SMOOT. Oh, no; no more than the amount of bonds that you have.

Mr. FLETCHER. I know, to the amount of your bonds; and you get the benefit, therefore, of those circulating notes. This corporation gets no benefit of any credit or anything else by reason of its deposit of $7\frac{1}{2}$ per cent of its total liabilities with the Federal reserve bank.

Mr. McLEAN. It sacrifices nothing.

Mr. SMOOT. It sacrifices nothing whatever.

Mr. McLEAN. They do not pay out cash over their counter. We want this reserve to meet losses, and it does not make any difference where it is; it might just as well be with the Federal reserve bank as in their own safe so far as their ability to do business is concerned.

Mr. FLETCHER. I do not know how they are able to put up United States bonds without having cash for it.

Mr. SMOOT. I should hate to see the Congress of the United States pass a law here as an example to the banks of the country that no security whatever should be held in order to pay losses.

Mr. FLETCHER. I am not proposing that. I am proposing 5 per cent.

Mr. SMOOT. This institution is not going to run without losses. It is impossible, and I think there is more chance for losses here, with the power behind the institution that is passing the law, than there is with men who put their money into an institution and watch out for the interests of that institution. So I am quite sure the Senator, if he will think it over very carefully—and he is a safe man, I know; he is not one of these fly-offs at all—will conclude that $7\frac{1}{2}$ per cent is small enough. In fact, I would rather see it made 10 per cent.

Mr. GLASS. We have this rather singular situation. This bill is so peculiarly in the interest of the big live-stock people of the section of the country west of the Mississippi River that the Senator yesterday objected to its broad title as an agricultural credits bill, and he wanted to confine the title to the live-stock interests alone. It certainly is true that the bill was drawn in the interest of the live-stock business, and it was drawn in counsel and consultation with selected representatives of the great live-stock interests of the country. It is their bill, and they put this provision of security in the bill. They are perfectly content to put up this reserve as security, because they think and say that without it they can not conduct their business with facility, and can not engage the confidence of the moneyed interests of the country, to whom they have to look for the capital to assist in the organization of these corporations. It is their bill. They asked to be required to give this measure of security in the conduct of their business, and yet we hear objections to granting their request.

Mr. FLETCHER. Mr. President, I imagine the live-stock interests were told about what they would have to have in this bill. It was drawn not so much by the live-stock people as by those connected with the Treasury Department as far as its officers are concerned, who want to make it absolutely safe. I have no objection to making it safe. My contention is that you are discriminating really against these corporations you are creating, because you are requiring that when they get to a maximum in the conduct of their business, 75 per cent of their capital shall be invested in these bonds, and the bonds deposited as collateral with the Federal reserve bank. They get no credits by way of discounts, they get no benefits by way of issuing circulating notes, like other institutions which have on deposit Government bonds. Therefore you are hampering them. You are not giving them that latitude which they ought to have if they are to serve these interests they are intended to serve.

Mr. GLASS. If I may interrupt the Senator, perhaps he was not present at the meeting of the committee at which it was stated that the bill was drafted by the attorney of the War Finance Corporation, under the advice of the Director of the War Finance Corporation, Mr. Eugene Meyer, who has made not one but half a dozen trips through that whole territory, and it was through his personal efforts that at least 100 of these live-stock corporations were organized, and secured hundreds of millions of dollars of loans from the War Finance Corporation. So the bill was drafted in that way by these people to meet an emergency which the experience of the War Finance Corporation enabled them to meet. I have understood that it was entirely satisfactory to the representatives of the great interests out there which it is assumed to benefit.

Mr. FLETCHER. I recall the statement with regard to the origin of the bill. Of course, we are now providing a permanent system, or attempting to do so, and I am in hopes it will operate so as to be of some real and actual benefit. I am not going to continue the discussion further. I move in line 23, page 13, to strike out "25" and to insert "20." They are required to put up 20 per cent of their capital before they have a single liability.

Mr. McLEAN. If the Senator can point to a single disadvantage to the corporation which will result by reason of the deposit of 25 per cent, I will agree to his amendment, if he can point to a single disadvantage in the conduct of their business.

Mr. FLETCHER. Tying up from 20 to 75 per cent of their capital amounts to a reduction of the capital of these corporations.

Mr. McLEAN. I think the Senator is mistaken about that. Their capital would not be impaired.

Mr. FLETCHER. If the national banks, under the original act, had been required to put up 75 per cent of their capital in Government bonds the system would not have functioned at all, unless that had been followed with the privilege of obtaining notes on those bonds.

Mr. McLEAN. It does not require that these bonds shall be the bonds that carry the circulating privilege.

Mr. FLETCHER. No; it does not.

Mr. McLEAN. Consequently, there is absolutely no disadvantage.

Mr. FLETCHER. And they get no benefits whatever from that investment of their capital. In the case of the national banks, it would have been a reduction of their capital, if it had not been that as against that they were allowed the privilege of issuing circulating notes. But, as I said, I make the motion that the change be made and just submit it.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. FLETCHER. On page 14, line 2, I move to strike out "7½" and to insert in lieu thereof "5," so that there shall always be on deposit in the Federal reserve bank bonds to the amount of 5 per cent of the liabilities of these corporations, instead of 7½ per cent. That would mean 50 per cent of their total capital, if they were doing a maximum business.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. FLETCHER. On page 19, I suggest an amendment in line 5, to strike out the word "companies" and to insert in lieu thereof the word "corporations." That is simply a verbal change. We have been referring to corporations all along, and I move to change the word "companies" to "corporations."

The amendment was agreed to.

Mr. FLETCHER. I also suggest the correction of the spelling of the word "assets" in the same line.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. To strike out the unnecessary "s" in the word "assets."

The amendment was agreed to.

Mr. FLETCHER. I am a little inclined to think that the provision for a minimum fee of \$50 for each examination is high; but I am not going to press that very far. It seems to me that in the case of many of these corporations an examiner could make the entire examination in one day, particularly in the case of smaller corporations, and I think a minimum fee of \$50 is pretty high for that. I merely suggest that to the chairman of the committee.

Mr. McLEAN. I have had no personal experience in examining these corporations or banks.

Mr. FLETCHER. Of course, there would be nothing like the trouble experienced in examining a bank.

Mr. McLEAN. I fancy that if the examinations are to be thorough enough to be of any benefit, it would cost at least \$50. I do not think we had better change that.

Mr. SMOOT. The examination of this paper is quite different from the examination of a bank where they hold bonds as collateral and can hand the bonds out. In many cases they would have to go and examine the stock which is collateral for the loan, the dairy herd, for instance. I think there would be very few of them that could be made for the minimum. Perhaps the examiner would have to travel hundreds of miles and go and see the stock.

Mr. FLETCHER. I do not know how that will work eventually. It occurred to me that the business of some of these corporations would not be very complicated, particularly for a while, anyhow, and that fixing the minimum fee at \$50 would be a little out of reason. But we can tell when it gets into operation whether it is too high or not, and we will let it stand as it is.

Mr. McLEAN. I call the Senator's attention to the fact that having amended line 5, page 19, by inserting the word "corporations" instead of the word "companies" it will be necessary to amend lines 6 and 7 on the same page, where the word "companies" appears, by inserting the word "corporations."

Mr. FLETCHER. Yes; I think so.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 19, line 6, to strike out the word "companies" and insert the word "corporations," and in line 7 to make the same amendment.

The amendment was agreed to.

Mr. FLETCHER. I think it would make it clearer, if I may suggest to the chairman of the committee, if in line 22, page 19, after the word "held," we insert the words "by said comptroller." Of course, it is understood that the comptroller will hold these securities. It will be clearer if we insert the words "by said comptroller" after the word "held," in line 22, so that we will know precisely what officer is to make the decision. They are to make reports to the comptroller, and he is the one to know whether they conform to the law.

Mr. McLEAN. I do not object to that.

Mr. FLETCHER. I think it would be clearer.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 19, line 22, after the word "held," to insert the words "by said comptroller."

The amendment was agreed to.

Mr. FLETCHER. On page 21, I think the word "national," in line 12, should be changed to "member," because there are some of these banks which are not national banks, and yet they are members of the Federal reserve system.

Mr. McLEAN. I do not see any objection to that.

Mr. FLETCHER. I move to strike out the word "national," in line 12, and to insert the word "member."

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. In the subheading on page 21, line 12, to strike out the word "national," before the word "banks," and to insert the word "member."

Mr. WALSH of Montana. I do not understand that. This is a subhead, and this follows: "That any national banking association may file application with the Comptroller of the Currency for permission to invest," and so on.

Mr. FLETCHER. Why should not any member bank of the Federal reserve system do that? My idea is to make it available to the member banks of the system, and I was going to move to insert, on line 13, after the word "any," the words "member bank of the Federal reserve system," so that it will

read, "any member-bank of the Federal reserve system may file application."

Mr. WALSH of Montana. Then the title should be changed from "national banks" to "banks members of the Federal reserve system."

Mr. FLETCHER. I have just proposed that.

Mr. WALSH of Montana. But it will not do to say "member banks may become," and so on. That would not signify anything.

Mr. FLETCHER. That is the general term used in the law everywhere referring to banks which are members of the Federal reserve system.

Mr. McLEAN. If we make it clear in the text of section 12 that they shall be member banks of the Federal reserve system, it seems to me that will cover it.

Mr. WALSH of Montana. It does not signify anything to say "member banks" in this bill. Of course, the phrase "member banks" in the bill creating the Federal reserve system was all right, because it referred continually to banks which were members of the system.

Mr. FLETCHER. We have already changed "national" to "member." I am moving to insert "member banks of the Federal reserve system." That would make it clear.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 21, line 12, after the word "banks," insert the words "members of the Federal reserve system."

The amendment was agreed to.

Mr. FLETCHER. In line 13, page 21, after the word "any," I move to insert the words "member banks of the Federal reserve system" and to strike out the words "national banking association."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 21, line 13, strike out the words "national banking association" and in lieu thereof insert "member banks of the Federal reserve system."

The amendment was agreed to.

Mr. FLETCHER. In line 17, on the same page, after the word "organized," I move to insert the words "or doing business," so as to take care of corporations already existing.

Mr. McLEAN. I have no objection to that.

The amendment was agreed to.

Mr. FLETCHER. In line 12 on page 22 the Senator from Michigan [Mr. COUZENS] calls my attention to the use of the words "Federal agricultural credit" in the corporate title. We have made the same change there, have we not?

Mr. McLEAN. No; not to interfere with that.

Mr. FLETCHER. In line 22 we have given the name of the corporations, to be known as Federal live-stock and agricultural loan corporations.

Mr. McLEAN. Yes; but that is the title.

Mr. FLETCHER. That is the name of the corporation.

Mr. McLEAN. No; that is the title. The corporations remain the same as provided in the law, agricultural credit corporations. We have not changed that.

Mr. FLETCHER. Do I understand the chairman to say that "rural credit corporations" is proper as a subhead in line 22, page 22? The subhead reads, "Rural credit corporations."

Mr. McLEAN. The Senator is right.

Mr. FLETCHER. That ought to be changed to conform to the name we gave them.

Mr. McLEAN. Yes; Federal agricultural corporations.

Mr. FLETCHER. I move to strike out the word "rural," on page 22, line 22, and insert the words "Federal agricultural."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. In the subhead on page 22, line 22, before the word "credit," strike out the word "rural" and insert the words "Federal agricultural."

The amendment was agreed to.

Mr. SIMMONS. I wish to call attention of the Senator from Connecticut to the language in line 2, page 23, "to entitle it to become a Federal agricultural credit corporation under the provisions of this act." Will not that have to be changed?

Mr. McLEAN. No; I do not think so. The amendment adopted by the Senate affected the title only. The corporations formed under the act are to be denominated "Federal agricultural credit corporations."

Mr. FLETCHER. I call the Senator's attention to the provision we had inserted yesterday:

SEC. 2. That corporations for the purpose of providing credit facilities for the agricultural and live-stock industries of the United States, to be known as Federal live stock and agricultural loan corporations, may be formed—

And so forth. We gave the name there.

Mr. SIMMONS. It ought to be changed all the way through the bill. It was so agreed yesterday in connection with that amendment.

Mr. FLETCHER. I think we will have to conform to that amendment. That is the name we gave them. The bill itself did not specify the name but the amendment I offered did specify it.

The ASSISTANT SECRETARY. An amendment was agreed to on that page which makes the section read as follows:

That corporations for the purpose of providing credit facilities for the agricultural and live-stock industries of the United States, to be known as Federal live stock and agricultural loan corporations, may be formed—

And so forth.

Mr. FLETCHER. In line 23 we have not attempted to give the name of the corporation, but simply said that it shall include the words "Federal agricultural credit." I think we will have to eliminate the word "credit" to conform to the name which we have given in line 1. It simply says it shall include the words "Federal agricultural credit." The name we have given does not include the word "credit." It includes the words "Federal agricultural." We could modify line 23 so as to provide that it shall include the words "Federal agricultural."

Mr. McLEAN. My recollection is correct. With regard to the title of the corporations in line 23, we did not amend that. Therefore it is unimportant.

Mr. FLETCHER. But the bill now specifies the name we shall give them.

Mr. McLEAN. I think it is unimportant, but I do not object to the amendment.

The VICE PRESIDENT. Will the Senator from Florida state the amendment?

Mr. FLETCHER. In the subhead, on page 22, line 22, I move to strike out "rural" and insert the words "Federal agricultural," so it will read "conversion of State financing corporations into Federal agricultural corporations."

The amendment was agreed to.

Mr. WALSH of Montana. Let me suggest to the Senator from Florida that he had better correct the language in lines 22 and 23 on page 2, while the subject is under consideration, to conform to the language inserted at the top of the page.

Mr. FLETCHER. Yes.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 2, line 23, strike out "Federal agricultural credit" and insert in lieu thereof "Federal live-stock and agricultural loan corporations."

Mr. McLEAN. I have no objection to that.

Mr. FLETCHER. The amendment I have proposed includes the words "live stock and agricultural" and to conform to the action of the Senate in reference to the amendment offered by the Senator from South Dakota [Mr. NORBECK] it includes both. It is known as a Federal live-stock and agricultural loan corporation. That is the name given in the amendment of the Senator from South Dakota, and I think we ought to have the subheads conform to that.

Mr. McLEAN. I have no objection.

Mr. FLETCHER. That ought to read "Federal live-stock and agricultural loan corporation."

The VICE PRESIDENT. Without objection, the vote by which the other amendment to the subheading was agreed to will be reconsidered and the amendment now proposed will be stated.

The ASSISTANT SECRETARY. On page 22, line 22, strike out "rural credit" and insert in lieu the words "Federal live-stock and agricultural loan," so it will read:

Conversion of State financing corporations into Federal live-stock and agricultural loan corporations.

The amendment was agreed to.

Mr. LENROOT. May I suggest that the phrase "Federal agricultural credit" occurs in other places throughout the bill. I ask unanimous consent that wherever the phrase "Federal agricultural credit" occurs in the bill it be modified in accordance with the phrase which has just been adopted.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. FLETCHER. I offer another amendment. At the end of section 401, page 41, line 7, I move to strike out the period, insert a colon, and the following:

Provided, That no loan in excess of \$10,000 shall be made by any Federal land bank to any one borrower unless such bank shall at the time of closing such loan have funds on hand and available for lending sufficient to meet all applications pending in said bank, qualified under the provisions of this act, for loans not exceeding \$10,000.

The object of that is to be certain that the man of moderate means, the small farmer, if you please, will be accommodated

first under the farm-loan system. Of course, at present the farm-loan bonds find a ready market and are absorbed within a few hours, practically whatever the Farm Loan Board offers, but we know there has been a time when at least the Farm Loan Board reported to us that it was a question whether the public would absorb the bonds as fast as the money was needed or any faster than they were offering them. It will be recalled that back in 1921 there was a general complaint all over the country that the farmers had applications pending for months and months, some of them where the appraisals had been made and approved and the applications approved, and they could not get the money.

Of course, all the money the Farm Loan Board has and that the Federal land bank can get arises from the proceeds of the farm-loan bonds, and unless the bonds are offered there can be of course no sales and no proceeds, and therefore no funds to accommodate applying borrowers. That situation continued for some months. I never had any confidence in the claim that the public would not take the bonds, but there was some apprehension that they would not, and of course the Farm Loan Board could not afford to see the bonds put on the market and no offering be made at par or above. They could not afford to have them sold below par, and therefore they did not offer the bonds. I never could find any quite reasonable explanation of that idea at all, but, assuming and believing that the Farm Loan Board was acting in good faith under those conditions, I reached the conclusion in my own mind that they were getting their information from the bond syndicates; that the bond syndicates were offering foreign securities and other securities in this country upon which they were getting from 5 to 10 per cent commission, and they therefore did not want the farm-loan bonds offered, on which they would only receive a commission of 1 per cent.

Therefore they wanted the market for themselves and advised the Farm Loan Board that the public would not take the farm-loan bonds readily if they were offered. I merely surmised that that was about the situation. At any rate, the Farm Loan Board did not offer the bonds in sufficient quantities to meet the needs of the farmer, and there was great delay and a lack of money. They said, as I have stated, that the public demands would not justify their offering the bonds, and that the public would not absorb them if they did offer them, or, at least, that they apprehended that would be the case. We may again come to that situation when the debentures to be offered under the Lenroot bill, which we shall consider next, I believe, and the debentures to be offered under the pending measure go on the market. It may be that the public will not absorb these farm-loan bonds as readily as heretofore, and the board may find itself short of funds to meet current needs.

My amendment is to the effect that the Farm Loan Board must not make loans of \$25,000 or exceeding \$10,000 until the people who want loans of \$10,000 and less are supplied. That is all the amendment provides. If there are ample funds, there is no limitation; but if the funds are not sufficient to supply all applicants the needs of the small borrowers, the tenants who want to acquire homes, who are in a position to acquire homes and who will not want more than three thousand or four thousand dollars in any case, ought first to be supplied. When they are supplied, then the board may reach out for larger loans and larger amounts. That is the purpose of the amendment.

Mr. KING. I desire to ask the Senator from Florida a question.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield.

Mr. KING. I wish to ask the Senator from Florida, in view of the appeal which he has just made, as I understand his remarks in behalf of the small farmer who desires to be a borrower, if he perceives in this bill any relief whatever to the small agriculturist? I have tried to read into the language of the bill an interpretation from which it might be inferred that the small farmer or even the agriculturist of large means might get some benefit; but, as I understand the bill, it seems to me that it will aid, if it aids anybody, merely the live-stock man. If that be true, why this earnest appeal by the Senator from Florida in behalf of the marketing of securities which may be issued under this bill in behalf of the small agriculturist?

Mr. FLETCHER. Mr. President, in answer to the Senator's inquiry, I desire to say that I think unquestionably the benefits arising from this bill will accrue largely to the live-stock growers, particularly those who conduct the business on

a very considerable scale. There are, however, some possibilities of benefit in certain provisions of the bill to those who are engaged in agriculture; but the matter under discussion arises in connection with section 401 of the bill, which proposes to amend the Federal farm loan act and provides that the present law, which limits the amount which any one borrower may obtain to \$10,000, shall be changed so that he may obtain \$25,000. I am simply proposing a limitation to the effect that the Farm Loan Board shall not raise the present limit and make loans exceeding \$10,000 to any one borrower unless the board has funds available with which to take care of the smaller borrowers. It comes in connection with the provisions of the bill, and that is why it is pertinent here.

Mr. PITTMAN. Mr. President, may I ask the Senator from Florida a question at this point?

Mr. FLETCHER. I yield to the Senator for that purpose.

Mr. PITTMAN. I wish to know if the Senator from Florida does not fear that his amendment will simply act as an obstruction to loans over \$10,000. The amendment reads:

Provided, That no loan in excess of \$10,000 shall be made by any Federal land bank to any one borrower, unless such bank shall, at the time of closing such loan, have funds on hand and available for lending sufficient to meet all applications pending in said bank, qualified under the provisions of this act, for loans not exceeding \$10,000.

There might be sufficient funds on hand to make loans of over \$10,000, taking into consideration the applications for smaller loans which the board were going to grant; in other words, there is no limitation whatever on the amount which may be applied for, but it is hardly probable that all applications are going to be granted. The restriction proposed in the amendment is not based upon the obligations of the bank but upon the applications to the bank.

Mr. FLETCHER. But I call the Senator's attention to the fact that the applications must, first, be pending in the bank, and, second, they must be qualified under the provisions of the proposed act; that is to say, the applications must have been passed upon and approved. I am willing to make that perfectly plain and, if the Senator prefers, to use the words "approved loans"; in other words, the applications must be in a state to be closed, if the board have the funds to close them, and they must be passed upon and approved. That is what I mean when I use the words "qualified under this act"; that the loans shall have proceeded through all the stages until they are ready to be closed.

Mr. PITTMAN. I did not understand the phrase "qualified under the provisions of this act" to mean any more than that the applicants were qualified to receive loans if their applications were approved. If the Senator means that the loans that have been approved shall be paid before subsequent loans in excess of \$10,000 may be approved, I would not have any objection to it in that form.

Mr. NORBECK. Mr. President, I was going to suggest that the words "approved applications" might remove the objection. I am afraid in its present form the meaning of the amendment is very uncertain, and if the Senator does not object I should like to have him accept the amendment to his amendment.

Mr. FLETCHER. Very well; I will insert the word "approved" before the word "applications," so as to read:

to meet all approved applications pending in said bank, qualified under the provisions of this act.

I have no objection to that.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Florida as modified.

Mr. HITCHCOCK. Mr. President, I desire to suggest to the Senator from Florida that the language in his proposed amendment is so drastic as practically to tie up the operations of the Federal land banks. A provision such as I am about to read would direct the policy without making such a questionable and excessive limitation:

Provided, That whenever a lack of available funds shall limit or delay the making of loans the Federal farm loan banks shall give preference to loans not in excess of \$10,000.

I think the Senator from Nevada was about to make some such suggestion. It seems to me the language of the amendment of the Senator from Florida might indicate that the banks could not be permitted to make larger loans if the number of applications pending would exceed the available funds of the bank at that time. I know the Senator uses the word "qualified" in his amendment, but I doubt whether that would be a fact easily ascertained.

Mr. WALSH of Montana. The Senator from Florida has inserted the word "approved" in his amendment.

Mr. HITCHCOCK. Then I will inquire how the amendment now reads?

Mr. FLETCHER. The amendment reads:

Provided, That no loan in excess of \$10,000 shall be made by any Federal land bank to any one borrower, unless such bank shall, at the time of closing such loan, have funds on hand and available for lending sufficient to meet all approved applications pending in said bank, qualified under the provisions of this act, for loans not exceeding \$10,000.

Mr. HITCHCOCK. I think that probably cures the difficulty in another way; but I think the language I have suggested states the policy which undoubtedly will be pursued under the regulations of the Farm Loan Board. I think, though, that the amendment of the Senator from Florida will answer the objection.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida as modified.

Mr. McLEAN. Mr. President, the Senator from Florida knows that I have been rather slow to consent to any increase above \$10,000 in the limit of loans which may be made by the Federal land banks. I have held that position because I remember that when the farm loan act was framed its purpose was to accommodate the farmer who possibly wanted to buy a small farm and who had not much capital, and it was thought that a loan of \$10,000 was as far as the Government ought to go. I remember distinctly that Senator Gronna, who was at that time deeply interested in the operation of the act, was very much opposed to any increase above \$10,000, and that at that time the directors of banks throughout the country were opposed to it for the reason that they felt, so far as the Federal farm-loan banks were concerned, that the limit of \$10,000 should be retained to assist the small farmer, for fear if the limit were increased in a period of depression men with capital might take advantage of the situation and purchase mortgages or purchase farms that were mortgaged and foreclose, and in that way deprive many small farmers of their property and drive them to increase tenant farming. So we believed that with the joint-stock land banks, which could loan up to \$50,000, the field would be wisely and fully covered. That was my view then, but a majority of the members of the committee felt the time had come when we could safely increase the limit to \$25,000, and I have no objection.

While the members of the Federal Farm Loan Board do not feel like volunteering their opinions on matters of policy, I think it is safe to say that they would much prefer that it be left to their discretion. The Senate will remember that the committee considered this amendment very carefully and felt that under all the circumstances it was better and wiser to leave the section as originally drawn, because there might be an application for a loan of \$10,500 or \$11,000 that was exceedingly meritorious and that ought to be granted. So we believed that we could safely leave it to the discretion of the Federal Farm Loan Board and the directors of the banks. That was the feeling of the committee. Personally, I have no special objection to the amendment, but I think it wiser that it should be left to the discretion of the Farm Loan Board. I do not think it will be abused, and I think they will follow the custom that they have followed in the past of giving preference to the small loans.

The record shows, I think, that the average loan is only about \$3,000, and I have no fear of the administration of the law if it is left to the discretion of the board. As the Senator from Nebraska has hinted, if the amendment should be adopted it might possibly indicate that it was the opinion of Congress that these loans ought not to be extended in any event where the amount was above \$10,000 unless the loan was very pressing; and there might be an instance, as I have said, where a loan of eleven or twelve thousand dollars might be just as meritorious as a loan of \$3,000 and one that ought to be granted.

Mr. PITTMAN. Mr. President, that would be a very unfortunate situation, and I want it distinctly understood that that is not the construction that the committee puts on it. Is that true? The committee does not place the construction on the amendment that the Senator from Florida has offered that it would be in the nature of an intimation to the banks that we did not generally favor loans of over \$10,000.

Mr. McLEAN. Of course, the board would have to construe the law according to its terms. I do not know what construction they would put upon it; but we felt that it was better to leave it to their discretion, for the reasons I have stated.

Mr. PITTMAN. Does the Senator from Florida desire by his amendment to intimate to the banks that it is the sentiment of the Senate that we do not in general approve of loans of over \$10,000 unless a great emergency exists?

Mr. FLETCHER. Not at all; but the bill itself provides that loans up to \$25,000 are expressly authorized to any one

borrower. I am simply proposing that that policy shall be pursued and that law shall go into effect, that we do authorize them to make such loans, but the limitation is that the people from \$10,000 down must first be taken care of. That is to say, if the funds are ample to take care of those desiring loans of \$10,000 or less, then, of course, the law authorizing loans up to \$25,000 shall be observed.

Mr. PITTMAN. If the funds are ample, they will all be taken care of.

Mr. FLETCHER. I think so. I do not think there will be any trouble about it.

Mr. PITTMAN. Then, why the amendment?

Mr. FLETCHER. But we never can tell what may happen hereafter. This is only a contingency. At present all these current needs are amply provided for. They have ample funds, and there is no trouble about making loans. The law proposed by this bill is to authorize loans up to \$25,000. That is a change in the present law. The present law limits to \$10,000 the amount that may be loaned to any one borrower. Now, we say that the limitation shall be \$25,000; and I am simply providing that only in case funds are not available to take care of the loans of \$10,000 or less shall there be any question about their making the loans above \$10,000.

Mr. PITTMAN. Mr. President, I am going to vote for the Senator's amendment, because I do not think it carries with it any such intimation as the Senator from Connecticut [Mr. McLEAN] stated might be considered by the bank. I think it is the plain intention of the committee to increase the amount that they may lend, and that a qualified borrower showing good cause for a loan of \$25,000 shall have just as good a standing before the bank and just as much consideration as one borrowing less than \$10,000; that there shall be no discrimination or distinction at all with regard to the amount. As a matter of fact, I think the amendment might apply to all loans, that they should not pay any loan so long as an approved application was pending for others ahead of it; but I have no objection to the amendment under those conditions.

Mr. SIMMONS. Mr. President, the movement to secure this change in the law, and increase from \$10,000 to \$25,000 the amount which may be lent in each case by the farm loan banks, came from the farmers of the country. It did not originate with Senators or with the committee. It has been for some time one of the most insistent demands that the farmers of the United States have been making with respect to the operations of these banks.

I assume that the farmers of the country, in insisting upon this increase in the amount that may be lent to one person, did so because they thought it was exceedingly important that these larger loans should be made, possibly as important in many instances that these larger loans should be made as that the smaller loans should be made; and I think any restriction or any limitation as to these loans, giving a preference to one class as against the other, probably would defeat one of the purposes of those who have asked for the legislation.

Personally, I believe as a rule that the smaller amounts should be preferred. I think that should be the general policy of the board. I think it will be the general policy of the board. I should not like, however, to see any provision adopted which would indicate to the board that the Congress, in the passage of the law, intended that they should put aside the applications for the larger amounts until they had accommodated those asking for the smaller amounts, because if that were done I am thoroughly convinced that there are many instances in which farmers who are confronted with a mortgage upon their property to be foreclosed unless they borrow a sum more than \$10,000 would be put at a very great disadvantage, and that they are as much entitled to the benefit of this act as the farmer whose property is mortgaged for less than \$10,000 and who is threatened with foreclosure proceedings.

Mr. President, in the circumstances I think it is very much better to leave this whole matter, just as the bill as now drawn leaves it, in the discretion of the board. The members of the board will exercise that discretion wisely, I am sure; and where a preference should be given to the smaller loan as against the larger loan applied for, I have no doubt they will give it.

I trust that the amendment will not be adopted. I do not think it is a good amendment.

Mr. KING. Mr. President, will the Senator permit an inquiry? Has he any information as to the applications which have been made for loans in excess of \$10,000, or any information as to whether or not there would be any considerable number of them?

Mr. SIMMONS. I do not think any applications have been made for loans in excess of \$10,000, because the present law expressly limits to that amount the power of the board to loan.

Mr. KING. Yes; I did not speak accurately. Has the Senator any information as to whether or not there has been any considerable demand for loans in excess of \$10,000, and has he any information that would foreshadow that loans of that character might deplete the fund which was available for the smaller debtor, so that the smaller debtor might be denied the opportunity of getting loans?

Mr. SIMMONS. All I can say to the Senator about that is that I have heard a good many farmers say that the act was of no value to them because \$10,000 would not relieve them; it would be necessary for them to have a larger amount to get any relief at all. I do know, further, that the bank in the district in which I live, the Federal Land Bank of Columbia, about a year ago was so flooded with applications for loans under the old law, the law as it now is, that they issued a circular stating that it would be six months before they would be able to examine the applications and, even if they had the funds, get ready to accommodate those who were entitled to accommodation. At the end of six months a further notice was given that it would be possibly three months before they would be in a position to accept new applications at all. I think in that case it would be quite a long time—I am speaking now only of that bank, which serves four States, however, North Carolina, South Carolina, Georgia, and Florida—if they had to give preference to applications for loans under \$10,000, it would be quite a long time before they ever would be able to give consideration to the applications for loans above \$10,000.

Mr. PITTMAN. I think the Senator is in error in regard to the language of the amendment. It does not say that they shall give attention to loans of \$10,000 first.

Mr. SIMMONS. I will change that to "making the loans."

Mr. PITTMAN. It says that they shall pay the loans, not to which attention has already been given but which have been approved and are simply waiting for payment. I think it is very fair to pay them in the order of approval.

Mr. SIMMONS. I have no objection to paying them in the order of approval, but what I insist is that nothing shall be written in the law that would say to the board, "You must prefer one class of loans and you must hold another class in abeyance until you have accommodated the preferred class."

Mr. CAPPER. Mr. President, I will say to the Senator from Utah that within the last 30 days I have received resolutions and letters from more than 40 local farm-loan associations in Kansas urging this amendment extending the loan limit to \$25,000. As the Senator from North Carolina says, the demand does come from the farmers themselves; and I think all the national farm organizations have gone on record in the last few months as believing that this amendment to the farm-loan act is very necessary.

Mr. SIMMONS. Let me ask the Senator a question. These farmers would not have asked for this increase unless they thought it was very important that these larger loans should be made, would they?

Mr. CAPPER. The Senator is entirely right.

Mr. HITCHCOCK. Mr. President, my first criticism of the amendment offered by the Senator from Florida was that it was too rigid; that it tied up the operations of the banks to too great an extent; but by his acceptance of the word "approved," his amendment practically loses all its controlling force, in my opinion. All the bank directors have to do is to delay the approval of small loans, and they can give preference to large loans; so that the injection of that word "approved" has taken his amendment out of the class of rigid amendments, too rigid to be desirable, and put it into a class where it seems to me it is almost inoperative. This leads me to renew the suggestion that the wise course is to lay down the policy that preference shall be given to loans not exceeding \$10,000 whenever there is a shortage of funds; that is to say, whenever the funds at hand are not adequate to make all loans, and some loans have to be delayed and some loans have to suffer, you shall make the delay affect the big loans instead of the little ones.

Mr. President, it was the purpose of the law, undoubtedly, to provide loans of a comparatively small amount; and in drafting the law, as I well remember, we limited the amount of the farm-loan bank loans proper to \$10,000, but we gave to the joint-stock banks a larger limitation, with the idea that they would take care of the big loans; that when a man wanted to borrow so much money, say \$25,000, he had facilities, he had opportunities, which are not open to the small farmer. So the original intention undoubtedly was to confine these mutual banks to the small loans and open to them an exclusive field for procuring loans on desirable terms. I believe the farmers

are justified in their demand that where the funds are abundant the restriction on the Federal farm-loan banks ought to be withdrawn and they ought to be allowed to compete with the joint-stock banks in making the larger loans.

So I suggest to the Senator from Florida that this proposition of mine will more nearly carry out that purpose—that whenever a lack of available funds shall limit or delay the making of loans the Federal farm-loan banks shall give preference to loans not in excess of \$10,000. I think the amendment, in the form in which the Senator has it now, after he has injected the word "approved" into it, leaves the matter wholly within the power of the banks, and there is no preference given to the small loans whatever.

Mr. FLETCHER. Mr. President, I am inclined to think that the proposal of the Senator from Nebraska would meet the situation. I think he properly interprets my intention, and I understand his to be in accord with mine, namely, that we agree this system was originally established for the purpose of providing accommodation for those who could not get accommodations anywhere else really. We know perfectly well that under the old national bank law national banks were prohibited from making loans on real estate. The chief asset of the farmer was stricken down under the only financial system we had until we established this farm-loan system, and we organized this system to take care of those people who were unable to get accommodations through the commercial system we had or through any other means.

We wanted primarily to enable every man in this country to own his own home, and to do that we had to provide a plan for giving him financial accommodation that he could meet, and upon terms, rates of interest, and all that sort of thing, that he could bear, and we devised this system. It has worked admirably. Seven hundred million dollars have been found for the farmers of this country under this system, at 5½ per cent, with the right to pay off 1 per cent per annum on the principal, and practically on their own terms. It is working admirably, it is accomplishing great results, and, as the Senator from Connecticut mentioned a moment ago, in which statement I think he is entirely correct, the average loans up to this time have been something like \$3,000.

At present there are ample funds to take care of the needs of agriculture, whether the limitation is raised or not. There may come a time when those funds would not be adequate to take care of larger loans, and we had that in view when we framed the act, as the Senator from Nebraska has mentioned, and for that reason we established the joint-stock land banks, to function so that those engaged in agriculture on a larger scale, who might require much more capital than the ordinary farmer would require or need, could be accommodated. Therefore we permitted the joint-stock land banks to be covered into the system. They have been covering the field of loans from \$10,000 up. They are not limited to \$10,000, and I am told they are now making loans of two or three thousand dollars. They were supposed to provide for accommodations in excess of \$10,000. They are not obliged under the law, I think, to confine their loans to that amount, because, as I have said, I think they are making loans now in the field which has always been occupied by the Federal land banks.

That is another reason why I am not opposing the raising of this limit from \$10,000 to \$25,000. I think there has been quite a general demand over the country for this increase in that limitation, because farm values have increased, and where five or six years ago a man might be amply supplied with \$10,000, he would probably need twice that to-day to accomplish the same purpose.

Mr. McLEAN. If the Senator will permit an interruption there, I am not opposing this increase in the limitation to \$25,000, but when we increase it, I want it done in a way that will confer every benefit possible on the farmers of the country. I think the Senator loses sight of the point I made, and which the Senator from North Carolina reinforced, that there might be a farmer who has a mortgage to-day of \$10,000 on his farm. Funds may be short. There may be two or three or more loans of smaller amounts which have been qualified and approved; yet they may not be very pressing, while this mortgage of \$10,000 may be threatened with foreclosure, and unless the borrower can raise, perhaps, \$5,000, or a few thousand dollars more, he may lose his farm. It seemed to the committee that it was wise to leave such matters to the discretion of the Farm Loan Board.

Mr. GLASS. Mr. President, after all, is it not a matter of administration?

Mr. McLEAN. It seems to me so.

Mr. GLASS. If we increase the limit to \$25,000, is it not to be presumed that no well-conducted farm loan bank is going to make a loan of \$25,000, if it has applications for half a dozen

loans of from two to five or ten thousand dollars? If we extend the limitation to \$25,000, nothing we can put in the law will affect the matter, because it is a matter of administration and of banking judgment in the last analysis.

Mr. McLEAN. Yes; and it should be administered in a way that will confer the greatest possible benefit to the farmer.

Mr. GLASS. As a matter of fact, we know, Mr. President, that members of the Federal Farm Loan Board have come before our committee time and time again and stated, both orally and in writing, that they are opposed to the policy of making \$25,000 loans when they have not sufficient funds to make the lesser loans. So, as I have said, in the last analysis, it is simply a question of administration, and it seems to me all we should do here, if that is the judgment of the Senate, would be to extend the limitation.

Mr. PITTMAN. Mr. President, it was my intention to vote for the amendment of the Senator from Florida, because I did not think it created any discrimination; I thought it was simply a fair amendment providing that the banks should pay in the order of approval. The amendment of the Senator from Nebraska would have an entirely different effect. The Senator from Florida has expressed a willingness to accept the amendment of the Senator from Nebraska, or, rather, he approved it.

Mr. FLETCHER. I have not accepted it. I want a vote on mine first.

Mr. PITTMAN. The committee which had charge of this bill gave it most careful and long consideration. In addition to the committee, a number of Senators who were interested in this matter had an opportunity and the pleasure of listening to the representatives of various farm organizations discuss this bill. They have approved this paragraph as it is written after long and careful consideration. It is a very dangerous thing to attempt to change those provisions on the floor of the Senate where there is any doubt as to the effect of the change. There is doubt as to the effect of this, because the Senator in his original amendment had one view of its construction, and upon suggestion that it might have another, he changed it. Now, the Senator from Nebraska says that the Senator's amendment, as amended and approved, does not have the meaning the Senator from Florida thinks it has, and he offers another.

Mr. HITCHCOCK. Mr. President, I am not offering any amendment. The fact is, I am willing to accept this as it stands, but it seemed to me that if anything were inserted, it should be a mere directory expression of the principle to be followed rather than a rigid and restrictive amendment such as the Senator from Florida proposes. I am not proposing any amendment.

I wanted to explain why I have changed my mind, and will vote for the committee amendment. I see the difficulty of trying to amend this matter on the floor, and get the meaning each Senator has in mind. It has been approved by the committee after long consideration, and it was approved by all the representatives of those directly interested in it.

I want to give one other reason for the raising of this limitation to \$25,000. The loans in farming communities are generally by banks whose capital hardly ever exceeds \$100,000. They are limited in their lending to \$10,000. If a stock raiser meets an emergency, when he is about to suffer a great loss for the need for fifteen or twenty thousand dollars immediately, and there is no bank in his community with the legal authority to lend over \$10,000, he suffers a loss. We all know that. It is the case in nearly all of the farming communities that the little banks which serve the farmers have small capital, and they are limited to lending 10 per cent of their capital to any one person. Some of the banks have entered into frauds to cover that, but it is not approved and it is a dangerous practice. For that reason it became necessary, if we are going to protect farmers against loss in an emergency, when they could not borrow money, to increase the limitation to \$25,000. For instance, in Idaho bank after bank failed because they had loaned out a tremendous amount of money, in excess of what they should have loaned, in excess of the 10 per cent of their capital. They had to do that to carry these industries along, and they failed. The farm banks could not lend over \$10,000, and they could not come and aid these people where they required twenty or twenty-five thousand dollars. It seems to me that is a very dangerous proposition.

Mr. McLEAN. Should we not leave with the board the discretion as to which emergency is entitled to precedence? A loan for \$12,000 may be more deserving than any other loan that is approved, and yet unless the amendment still leaves with the board the discretion to qualify that loan in preference to the small loan, the man may lose his farm. If we are going to amend the law and give the farmers the benefit of it, I want to do it.

Mr. FLETCHER. Mr. President, ordinarily the farmer who wants more than \$10,000 is not only able to resort to the joint-stock land banks but is able to resort to banks and other financial institutions and money lenders generally. He has a situation that is entirely different from the little man who is unable to get any accommodation anywhere except under this system.

Now, we have pretty well all agreed—the Senator from Virginia [Mr. GLASS], the Senator from Connecticut [Mr. McLEAN], the Senator from North Carolina [Mr. SIMMONS], and all—that speaking generally the applicants for small loans should be accommodated first. If that is true, why not say so? Why leave it to a board to say so? It may be that the present Farm Loan Board, in thorough sympathy with the act and its purpose, will carry out what we are hoping and believing they will carry out. But that board is a politically appointed board and its personnel may change any time. Why not put in the law just what we say the purpose of the law and the intention of Congress is?

Mr. GLASS. Because the board and not the Congress of the United States is in constant contact with all of these problems and very much better supplied with information for the guidance of their judgment than the Senate could possibly be. That is the policy which has thus far been pursued by the board. The board has time and again indicated that that would continue to be their policy, unless circumstances should arise which would alter their judgment. It seems to me that the matter is one of administration and not of legislation, and that we should leave it in the judgment of the board.

Mr. FLETCHER. The board at one time was opposed to any increase. They so stated, but at last said they would not oppose it. They do not particularly favor it, but they believe there is a demand for it from the farmers and farm organizations of the country, and they are willing that the increase should be made. I have no doubt they have in their minds the intention of taking care of the loans which are applied for up to the limit of \$25,000, if they have the funds, but if the funds are limited they are going to take care of the smaller loans first. I believe they intend to do that, and all I expect to accomplish by the amendment is to authorize them to do it, so that when an application is made for \$25,000 they can well say under the law, "You will have to wait because we have not adequate funds to accommodate you."

Mr. McLEAN. But, if the Senator will pardon me, suppose that a loan for \$12,000 should have preference under all the circumstances? Among all the loans that are qualified and approved there may be one for \$12,000 which is more pressing and is clearly entitled to preference. Why limit the discretion of the board?

Mr. FLETCHER. Oh, no; but until they have funds enough to meet them. They do not have actually to meet them. I do not think that sort of case will arise. The board will know how much each bank will have and will know what the approved applications are when this very precious loan of \$12,000 is applied for. They will know whether they have adequate funds to meet the situation and, of course, they will not hesitate a minute if they have the funds.

It is not altogether true that every farmer in the country or every farm organization is indorsing the proposed increase. I am not opposing it. I am willing to concede that a majority of the people interested in the system are in favor of the increase. I am in favor of it. I am simply trying in a provision here to protect the little fellow who can not get his accommodation anywhere else but through this system. I want to see him safe before we go to take care of the people who have a medium elsewhere, namely, the joint stock land bank, to apply to for accommodation.

Here is a letter from Washington, Va., from a national farm-loan association, dated January 15, 1923, in which it is said:

I am also inclined to think that the limit of the loan to any one person should not exceed \$10,000, for there are very few farmers in my section who ought to owe more than \$10,000. However, in other sections this may be different, but I believe with rare exceptions.

Here is another letter from another association:

So far as this association is concerned, loans of \$10,000 are big enough, and I believe if the farm-loan banks assist the small farmers they will be doing more good than by making the large loans of over \$10,000. The question of obtaining money by sale of bonds is not at all difficult, and for all that one loan of \$25,000 does not do as much good as ten of \$2,500.

I think I agree with that. I am only offering to say so in the law.

Mr. SIMMONS. I think the Senator is absolutely right in saying that probably the policy which has been pursued up to this time under the present law, of giving the small man a preference, ought to be continued. I am quite sure it will be

continued. But if the Senator's amendment is adopted, then the board will lose the discretion to accommodate, except upon the happening of certain contingencies, the larger demand that may be made upon it, although the board may in its judgment believe that the borrower who wants \$25,000 is much more in need of accommodation than the man who wants the lesser sum.

The amendment would take from the board all discretion, except under certain conditions, to accommodate the larger application, notwithstanding its judgment as to the merits of the application and as to the necessity of relieving him against a condition which would be absolutely disastrous and possibly ruinous to him. I want to preserve that discretion in the board, to be exercised upon its judgment. I assume that it will exercise that judgment in favor of the small man, where the conditions permit it, after we make the increase, just exactly in the same way as they have exercised it heretofore when they were under no compulsion or direction to prefer the smaller man. If they have preferred the smaller man under the present law where there is no direction to them to do it, and where they are acting simply upon their judgment, what reason has the Senator to believe they will not continue to pursue that same policy when we increase the amount?

Mr. FLETCHER. I do not think it would interfere with that question at all. I think it is just a question of fact. When they ascertain that they are limited in the funds on hand and have not sufficient on hand to meet the obligations which are qualified under the law, that is one instance in which they may withhold the larger loans.

Mr. SIMMONS. But when they do find the fact, and that fact is that they have approved of smaller loans to the extent that their funds would be exhausted, then by reason of that fact they are deprived of exercising the discretion to help the large applicants.

Mr. HEFLIN. Mr. President, when we were discussing the awful condition of the farmers and the cattlemen of the country during drastic deflation we were told the Federal reserve system was not intended to serve their needs. Now, when we come to make provision to reach these people and to serve their needs we are finding opposition. We were told at that time that we ought to create new agencies. Now we are undertaking to create those agencies, and yet it seems that restrictions are to be placed around the provisions looking to the relief of the farmer. Now, it seems that some want to do just as little as possible for the farmer.

I think there is great merit in the amendment offered by the Senator from Florida [Mr. FLETCHER]. I would like to see the amendment of the Senator from Nebraska [Mr. HITCHCOCK] accepted. I think that would clear the matter up entirely. It would still leave discretion in the hands of the board. The board could continue to make the \$25,000 loans. The board has the discretion of saying whether the funds are too low to continue them or not. They are the judges, and nobody knows the condition better than the members of the board.

Now, Mr. President, I have had some letters from my State suggesting that the amount of certain loans ought to be increased; that there were people who needed \$25,000; that \$10,000 would not serve the purpose. I think that is true, and I am willing to increase it to \$25,000. I know, and everyone who has had any business experience knows, that the man with \$25,000 worth of collateral has more influence with any board with discretion than the poor fellow who has \$500 or \$1,000. I am trying to reach the man who has no entrée to any bank now. I want to reach the fellow who is not influential with these boards, which never come in contact with the struggling poor. Here is an opportunity to reach that very class.

The cattle industry had become a considerable industry in my State until it was slaughtered and sacrificed by the ravages of deflation in 1920 and 1921. If the cattlemen of my State could have borrowed money so they could have gone through that time, they could have saved their cattle and the cattle industry in Alabama would have been flourishing to-day. But as the result of deflation they were practically wiped out and were discouraged and cast down with tremendous losses on their hands.

Now, we want to prevent the recurrence of such a thing as that, and here is the opportunity to do it. The question is, Will Senators do it? I know that the proposition does not appeal to certain Senators. I am the friend of the commercial banking system. When I see the commercial banking system put to the test and it fails to reach a large portion of our people and permits their enterprise and industry to perish, I am in favor of amending the banking laws and going to the rescue of such people. This is their Government. They have a right to ask us to give them machinery that will take care of

their interests. I want these little men who can get money nowhere else to be given the opportunity to get it. God knows they need it.

I wish to call the attention of the Senate to an incident which I once before mentioned here which illustrates the point I have in mind. A young man in the West purchased, I believe, in the fall of 1920, \$2,000 worth of cattle, not many of them, and he borrowed the money with which to pay for them. He went out and started a little ranch. He had some increase in the number of his cattle, and the next year when his paper became due he tried to renew his note, telling the bank officials that he was not able to pay; but they forced him to the wall; they drove his cattle to market and sold them. They brought but \$1,300, though he had borrowed the money and paid \$2,000 for them. He went out of business; he went back to the city, with a \$700 debt hanging over his head still unpaid. That is but one instance, Mr. President, among thousands and tens of thousands. Now we are trying to reach that needy class. Here is an opportunity to reach them through the amendment which has been offered by the Senator from Florida [Mr. FLETCHER], but we are told that we must not put that amendment in the bill.

I am not in favor of leaving too many discretionary powers in the hands of boards. I once saw a Federal Reserve Board use its discretionary power to the destruction of \$15,000,000,000 worth of agricultural products, including cattle, to the ruin of millions of people, to the driving to death of thousands of men and women, who took their own lives, and to the driving of others to the madhouse. That result came through discretionary power which was exercised by a board under the control of Governor Harding and the big conscienceless financiers and speculators of Wall Street. I am not in favor of leaving discretionary powers in the hands of those who use those powers to the hurt and injury of the masses of the people.

Mr. President, when I advocated a credit system here I had in mind a bill that would provide for loaning money to the man with five head of cattle or three head of cattle. Any man who wishes to start business, I do not care how small it might be, in this great country, ought to be able to get the capital with which to start it and to aid him until he makes it a going business. Is not that a fair proposition? I wish to say to Senators who oppose this amendment that \$500 to one of these poor struggling fellows is as much as is \$25,000 to a man who has accumulated a fair share of this world's goods and has collateral through which he may get money from some other source. I wish this banking system to reach out and aid the little fellow to get on his feet and to make his business a going business. That ought to be the purpose of a statesman. We ought not to legislate special privileges into the hands of any particular class, but we ought to legislate for the masses and for the good of all. I want the man who needs \$25,000 to get it; I want the one who needs \$20,000 to get it, or the ones who need \$15,000 or \$12,000 or \$10,000 or \$5,000 or \$3,000 or \$1,000 to get it; and let us provide sufficient funds for that purpose.

There was not any question about funds not being sufficient when gamblers were speculating in cotton at 40 cents and beating it down to 10 cents. They got millions and hundreds of millions of dollars in New York for that purpose. Why should we now draw a picture of a situation showing that this Government is not capable of providing a financial agency by which money enough can be provided to keep the agricultural industry and the cattle industry going in the United States? There will come no such time if we shall have the right kind of men in this Chamber and in the other. It is the duty of the Government to see to it that the industries which feed and clothe the world are not crucified for the gain of a favored few. We might just as well face the issue plainly.

Mr. President, I hope the amendment of the Senator from Florida will prevail. I think it is a righteous amendment. It is all right to provide for those who desire to get \$25,000; I am in favor of having the limitation increased to that extent; but I wish at the same time to specifically provide for the taking care of those who seek loans for amounts less than \$10,000. That is the proposition in a nutshell.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida [Mr. FLETCHER] as modified.

Mr. HEFLIN. Let us have the yeas and nays on the amendment, Mr. President.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Arizona [Mr. CAMERON] and will vote. I vote "nay."

Mr. WALSH of Montana (when his name was called). I transfer my pair with the Senator from New Jersey [Mr. FRELINGHUYSEN] to my colleague, the senior Senator from Montana [Mr. MYERS], and vote "yea."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the senior Senator from Iowa [Mr. CUMMINS], and vote "nay."

Mr. WILLIS (when his name was called). I am paired with my colleague, the senior Senator from Ohio [Mr. POMERENE], who is absent on account of illness. I transfer that pair to the senior Senator from Pennsylvania [Mr. PEPPER] and vote "nay."

The roll call was concluded.

Mr. MCKINLEY. I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. FERNALD. I have a general pair with the Senator from New Mexico [Mr. JONES]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD] and vote "nay."

Mr. COLT. I transfer my pair with the junior Senator from Florida [Mr. TRAMMELL] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. OWEN. I transfer my pair with the Senator from New Jersey [Mr. EDGE] to the Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. CURTIS. I desire to announce that the junior Senator from Kentucky [Mr. ERNST] is paired with the senior Senator from Kentucky [Mr. STANLEY].

The result was announced—yeas 28, nays 43, as follows:

YEAS—28.

Ashurst	Harris	Ladd	Owen
Bayard	Harrison	La Follette	Sheppard
Borah	Heflin	Lenroot	Shields
Brookhart	Johnson	McCormick	Swanson
Bursum	Jones, Wash.	McKellar	Underwood
Dial	Kendrick	McNary	Walsh, Mass.
Fletcher	King	Norris	Walsh, Mont.

NAYS—43.

Ball	Hale	Nicholson	Smoot
Calder	Hitchcock	Oddie	Stanfield
Capper	Kellogg	Overman	Sterling
Colt	Keyes	Phipps	Sutherland
Couzens	Lodge	Pittman	Townsend
Curtis	McCumber	Polindexter	Wadsworth
Elkins	McKinley	Ransdell	Warren
Fernald	McLean	Reed, Pa.	Watson
France	Moses	Robinson	Weller
George	Nelson	Shortridge	Willis
Glass	New	Simmons	

NOT VOTING—25.

Brandegge	Edge	Myers	Spencer
Broussard	Ernst	Norbeck	Stanley
Cameron	Frelinghuysen	Page	Trammell
Caraway	Gerry	Pepper	Williams
Culberson	Gooding	Pomerene	
Cummins	Harreld	Reed, Mo.	
Dillingham	Jones, N. Mex.	Smith	

So Mr. FLETCHER's amendment, as modified, was rejected.

Mr. DIAL. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. It is proposed to add at the end of the bill a new section, as follows:

SEC. 204. That the second subdivision of section 5 of the United States cotton futures act, approved August 11, 1916, as amended, is amended to read as follows:

"Second. (a) Specify as the class of the contract one of the following classes:

"Class A, which shall include only middling fair, strict good middling, good middling, and strict middling grades;

"Class B, which shall include only strict middling, middling, strict low middling, and good middling yellow tinged grades;

"Class C, which shall include only strict low middling, low middling, strict middling yellow tinged, and good middling yellow stained grades.

"(b) Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary of Agriculture, and which shall be one of the grades included within a class in paragraph (a) of this subdivision; the price per pound at which the cotton of such basis grade is contracted to be bought or sold; the date when the purchase or sale was made; and the month or months in which the contract is to be fulfilled or settled.

"(c) If no other class is specified in the contract, or in the memorandum evidencing the same, the contract shall be deemed a Class B contract.

"(d) If no other basis grade be specified in the contract, or in the memorandum evidencing the same, good middling shall be deemed the basis grade incorporated into a Class A contract, middling shall be deemed the basis grade incorporated into a Class B contract, and low middling shall be deemed the basis grade incorporated into a Class C contract. It is further specified that in case delivery is demanded at least one-third of each contract shall be filled in the basic grades specified herein, and that the other two-thirds shall be filled either in that grade or in one of the other grades specified in said class."

That the third subdivision of section 5 of such act is amended to read as follows:

"Third. Provide that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are

established by the Secretary of Agriculture, and of or within the grades included within the class so specified or incorporated as the class of the contract, and that cotton of any other grade or grades shall not be dealt with therein nor delivered thereunder."

That the fifth subdivision of section 5 of such act, as amended, is amended to read as follows:

"Fifth. Provide that cotton that, because of the presence of extraneous matter of any character, or irregularities or defects, is reduced in value below that of strict middling in the case of a Class A contract, strict low middling in the case of a Class B contract, or low middling in the case of a Class C contract, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eighths of an inch in length of staple, or cotton of perished staple or of immature staple, or cotton that is 'gin cut' or reginned, or cotton that is 'repacked' or 'false packed' or 'mixed packed' or 'water packed,' shall not be delivered on, under, or in settlement of such contract."

That the second paragraph of the seventh subdivision of section 5 of such act, as amended, is amended to read as follows:

"The provisions of the third, fourth, fifth, sixth, and seventh subdivisions of this section shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or prior to the time the same is signed, the phrase 'subject to United States cotton futures act, section 5, Class A,' if the contract is a Class A contract, or the phrase 'subject to United States cotton futures act, section 5, Class B,' if the contract is a Class B contract, or the phrase 'subject to United States cotton futures act, section 5, Class C,' if the contract is a Class C contract."

That the provisions of this act shall be effective on and after the thirtieth day after its passage, but such provisions shall not be construed as applicable to nor as affecting any right, power, privilege, or immunity under any contract entered into prior to such day.

Mr. DIAL. Mr. President, I am glad that we are about to pass a law to make funds more available for the agricultural interests of this country; but, while we are doing that, it is our duty to see if we can not benefit their interest in other respects.

I have an amendment, which has just been sent up to the desk and read, which is somewhat technical. I did not expect all Senators to grasp it from the reading, but it is very simple, as they will see when I explain it a little later.

To my mind, an amendment of that kind to this law would be of greater benefit to the people of the South than any other law that we could possibly pass. It is commendable to try to secure funds which shall be available to help people to farm, but it is useless for them to raise a crop and then turn around and be robbed in marketing that crop.

I do not like to use harsh language, such as "robbery" and similar phrases, because that is so common and sounds so demagogic. I have heard all my life that the South was robbed by Wall Street, and by this interest and that interest and the other interest. If I could not show where the wrong is, and if I could not point out the remedy, I would remain silent; but this matter of a cotton-future contract has simply deprived the people of my section since the Civil War of hundreds of millions of dollars every year. The trouble is that the public do not understand the law. They are afraid to look into it. They have different reasons.

Some will say that it is too complicated. Mr. President, I admit that it is a technical proposition; it is somewhat of a legal proposition; but it is not too complicated to look into and to correct when we see the wrong of it. Our A, B, C's were complicated until we studied them and learned them, and it is the same way with this cotton-future contract proposition.

Some Senators will brush it aside and say: "No; I do not understand it." Of course, you do not, unless you study it a little. I did not understand it for a long time in my life, but it is just simply legalized robbery—nothing short of it.

I realize that some of the Senators from the South differ on the proposition; but I am going now to appeal to every man in the Senate, and particularly to the Representatives of the South, to study this proposition and see what I am driving at. Of course, some of them already know, but I am afraid they do not realize, the great injustice that is inflicted upon our people. I ask them to lay aside any prejudice or favoritism and study the proposition as a business one, or as a legal proposition, or as a moral proposition.

It is not very pleasant to tell the world of our misfortunes and of our poverty, to be always whining about being poor. I hate to hear it, Mr. President; but when we look at the conditions that obtain in the South, there is no alternative except for our people to be poor. All my life I have been an optimist. I look on the bright side of life. I believe in work, and I believe in more work; but I have come now to the point where I am ready to strike for the cotton growers of this country, and I say that with all deliberation and after most thorough investigation.

I shall not read long to the Senate, and I shall not detain you long with my speech; but I have in my hand the report of the Joint Agricultural Commission of Congress, filed last year

some time. They go into a close analysis and a calculation of the cost of production of cotton. I desire to have inserted in the RECORD the parts that I have marked.

There being no objection, the matter referred to was ordered to be printed in the RECORD as follows:

It may be helpful at this point to give a typical illustration of the outlook for landowner and tenant. Let us take a 30-acre farm unit, valued at \$1,500 and including 25 acres of cleared land. This is occupied by a tenant farmer who furnishes all the implements and labor, including mule power, and receives half the cotton and all the grain crop for his services. The landlord's account will appear about as follows:

Landlord's account:

Debit—	
Taxes	\$25.00
Interest and depreciation	150.00
Fertilizer for cotton	90.00
Cotton seed	10.00
Half of cost of ginning and baling	12.50
Supervision	100.00
Total	387.50

Credit—	
One-half of 5 bales of cotton, at 16 cents a pound	200.00
2½ tons cotton seed, at \$30	75.00
Total	275.00

Landlord's loss.....112.50

Tenant's account:

Debit—	
Feed of mule	75.00
Depreciation and interest on mule	25.00
Taxes	5.00
Fertilizer for 10 acres corn and grain, at \$3	30.00
Depreciation and repairs, implements	10.00
Half of cost of ginning and baling	12.50
Total	157.50

Credit—	
One-half of 5 bales of cotton, at 16 cents a pound	200.00
75 bushels of corn	50.00
100 bushels of oats	50.00
2 tons of hay	40.00
Total	340.00

Return received by tenant.....182.50

The balance of \$182.50 represents labor for the entire year for man, wife, and two children, which is 61 cents per day for 300 days. On a 365-day basis, this gives a total revenue of 10 cents per day for each member of the tenant's family of four. That these figures are not overdrawn can be readily proven by reference to the production statistics of the Department of Agriculture which are readily available. The Census Bureau reports 1,890,000 farms producing cotton in 1913. This for the crop of 1921 would give 4½ bales per farm. Assuming only one family per farm (a totally unwarranted conclusion) this would give each share-cropping farmer 2½ bales, or a revenue of \$170 from cotton.

What would the cost of production of farm products be if farm labor were allowed a wage commensurate to that received by the coal miner, the railroad worker, the brick mason, or the factory operative? Your committee has not the data upon which to base this calculation, but states without fear of contradiction that no price received, even at the peak prices, will give the actual producer of farm products a wage comparable in any way with that normally received by all classes of union labor and even by most classes of farm labor elsewhere in the United States.

Mr. DIAL. Briefly, it says this, Mr. President: It goes into detail of the cost of a bale of cotton, the cost of a pound of cotton. It shows that a man and his wife and two children in an ordinary year, producing an ordinary crop of cotton, and marketing that cotton at 18 cents a pound, which is away above the average, reap the magnificent reward of 10 cents a day each. That is not my statement. That is the statement of the Joint Agricultural Commission of the House and Senate, composed of some of the best men in each of these bodies. It says, down there:

The balance of \$182.50 represents labor for the entire year for man, wife, and two children, which is 61 cents per day for 300 days. On a 365-day basis, this gives a total revenue of 10 cents per day for each member of the tenant's family of four.

I will not bore the Senate by reading other extracts, but here is the situation. People talk about the pauper labor of Asia; but when we have any such condition as just read right here in the United States, it is time that this body was waking up and amending this law. Therefore I am ready to advise our people to stop planting cotton—and I do not like to use that term—but we have been raising cotton all these years at something under the cost of production, and we can not stand it any longer. In my State, two years ago, we raised 1,000,000 bales of cotton. Last year we raised less than 800,000 bales and this season we have raised only about 520,000 bales.

Mr. HITCHCOCK. Mr. President, I am among those who have never been able to understand the Senator's bill, and I hope he will make it clear.

Mr. DIAL. I am coming to that.

Mr. HITCHCOCK. I assume that it is not the price of the cotton which makes the remuneration of the raiser so small,

but I do not know whether or not it is legislation that the Senator is complaining of—

Mr. DIAL. Yes, sir; it is.

Mr. HITCHCOCK. And I should like to know, if that is the case, when the adverse legislation began, and of what it consisted.

Mr. DIAL. I thank the Senator very much for interrupting me. I will come right to that, and I shall be glad to have any Senator interrupt me, because this is not a speech on my part. I do not like to speak if I can help it, but I do love to talk a little business; and when I see a wrong, if I can point out the remedy I will try to be specific, and I thank the Senator for interrupting me.

I want to show you first the condition that we are in. That is where we are now. We are getting that kind of pay for our cotton, and the reason why we are not getting any more is the unjust law on the subject.

You will say: "Why is the law unjust? When did you wake up and find out that it was unjust? How is it unjust?" and all that kind of question.

Mr. HITCHCOCK. When was it passed?

Mr. DIAL. In 1914. I will come to that presently, but I want first to show how it is that we live under this system.

I take it that a good many of the people who know anything about future contracts are afraid to say so, because they are afraid it will hurt their reputation, or hurt their credit, or something of that sort, and they go around and whisper about it. We have gotten beyond the whispering stage now. If you will excuse me for saying so, I know something about raising cotton, and I know something about warehousing cotton, and I know something about milling cotton, and I know something about the operation of the future contract, and I think I am familiar with what I am talking about.

There was no law on this subject until 1914. Before that time, from the Civil War, there was a custom of selling contracts. Before the Civil War there was no such thing as selling future contracts. At that time the actual cotton was sold on the spot, on the plantation or at the town, or shipped to commission merchants on the seacoast, principally, and the commission merchants sold the actual cotton. I am not fighting the Civil War over. I do not want to get your ill will on that ground, although I have no apologies to make for it. During the Civil War the question came up of selling cotton to arrive, making a contract to get cotton to come. Then they sold that contract. Then they got to dealing in the contract, and kept on selling contracts and contracts. That was the origin of future contracts in this country. In New York they had a kind of a joint-stock concern after the Civil War, for a year or two. In 1871 the New York Cotton Exchange was actually organized, in July.

About 1869 the cable was completed to Liverpool. A man named John Rue was a commission merchant handling cotton, and when the cable had been laid he could wire over here and buy cotton, and he would sell it there "to come." He could sell the contracts for the cotton "to arrive." That was the origin of the exchange in Liverpool.

They dealt in those contracts from time to time, and there was no law regulating it. The injustice of those contracts was this: Under the custom the man bought a contract, and he thought he bought middling cotton, but he did not buy middling cotton, he bought on the basis of middling. Then, when the delivery day came, they did not give him middling cotton; they gave him cotton better than middling or inferior to middling, and they regulated the price by the exchange price. They would give a discount off for cotton under middling, or a premium on for cotton above middling.

Mr. KING. I am trying to follow the Senator, but it is a technical subject—

Mr. DIAL. I realize it is a technical proposition, and dull.

Mr. KING. As I understand the Senator now, he is talking about the contract. He is describing the system after the introduction of the contract system of which he has been speaking.

Mr. DIAL. That is entirely correct.

Mr. KING. Would not the contract describe the character of the article which the vendor was to sell and the vendee was to purchase, and if it did not, could not the prospective vendee prescribe the terms, and say that he was to buy cotton of this grade or that grade or the other grade, so specify it that if the kind of cotton for which he contracted was not delivered, he could either repudiate the contract—

Mr. DIAL. No; and I thank the Senator for asking that question. I will explain it. He bought his contract, and that meant a contract on the basis of middling. That is where the trouble came in. A man did not buy middling cotton, he bought on the basis of middling, with the right of the seller of the contract to slide his contract down or up. It was left entirely

with him as to what grade of cotton he would deliver. The vendee had no rights whatever, except to accept what was tendered him, or to sell out his contract.

Mr. KING. If the Senator will pardon me, I can not understand why—

Mr. DIAL. Just a moment. Under this custom, down to 1914, until Congress passed a law on the subject, the vendor had a right to deliver any one of 32 grades on that contract, with the price adjusted up or down.

Mr. KING. Does the Senator contend that the courts would make a new contract and compel a vendee to take cotton he did not buy, which he did not describe in his contract? The Senator states that there were 32 grades. Suppose the vendee wanted to buy the thirtieth grade, and he contracted with the Senator for 50 bales or 1,000 bales of grade No. 30?

Mr. DIAL. They would not sell you less than 100 bales. They would only sell you on the basis of middling; not middling, but on the basis of middling. The price would be fixed at middling, but if he tendered you the thirty-second grade, you would get a discount; but you had no discretion as to what grade you should receive. That was in the contract. Of course the courts would have nothing to do with it. If the Senator will wait a moment, I will get down to the present law.

Mr. HITCHCOCK. Who dictated that contract?

Mr. DIAL. The exchange. That was a standard contract of the exchange.

Mr. HITCHCOCK. Where?

Mr. DIAL. New York and New Orleans, in this country, and they have one for Liverpool, Bremen, Havre, Alexandria, and other exchanges of the world; but I am dealing particularly with the contracts of New Orleans and New York. I am speaking of the custom now. That is not exactly germane to the point, except to show the contract and how we got into our present condition.

At that time the seller would sell on the basis of middling, and he had a right to deliver any one of 32 different grades of cotton. Assuming the price of middling was at 20 cents a pound, and if the seller delivered you below middling, you would get a discount. At that time the difference was fixed by arbitration through the exchanges. If a different grade than middling were tendered and the seller and the buyer could not agree on the price, an arbitration would be ordered and they would fix the price of that grade; and that is what you would have to settle at. That was the custom. I am trying to show how naturally we got into this condition and how unreasonable it was.

Mr. ASHURST. What is the reason why they did not change their contracts and, instead of saying on the basis of middling, simply saying middling?

Mr. DIAL. I will come to that when I come to the present law. The custom is not germane now, except to show the history of the thing.

Mr. ASHURST. Very well.

Mr. DIAL. That was the custom. Unfortunately, our people did not get it changed for many years. The South complained most bitterly. We appealed to Congress and had bills introduced from 1884 to 1914 before we could ever get that custom changed.

Mr. HITCHCOCK. Will the Senator explain why the South objected to that custom?

Mr. DIAL. The South objected to the custom because of the inequality of that character of contract. If the Senator will allow me, I am trying to help the grower of cotton, but not in a demagogic way. I do not ask for favors for any class of my constituents, but I am trying to have passed an honest, fair, equitable, just, and mutual law. I do not ask for any favors for any class. They submitted to it because they could not help themselves. If you can help the grower of cotton, then the exporter, the mill, and everybody else will regulate themselves accordingly. But the poor man who grows the cotton can not help himself. I do not ask Congress to favor him, but I say we have no right to keep a dishonest, one-sided law on top of him.

My contention is this: That the price of that future contract controls the price of the spot cotton. Unquestionably that is so; not absolutely in every case, but that custom prevailed over the world. As the future contract goes up or down, the price of spot cotton goes up or down. I ask Senators to get this in their minds. The interests of the grower of cotton and the buyer of contracts are identical. They both want the price of cotton to go up, of course. The man who sells the contract, who is called the "bear," wants the contract to go down. He does not care anything about the price of spot cotton, but he wants to run the contract down.

You naturally say, Why does he care anything about the contract if he has sold it? What has he to do with it? Is he

not out of it? No; he did not have any cotton to sell. He merely sold a contract, and he expects to buy the contract in. Therefore he will do everything in his power to put the price of the contract down. He will use every argument in the world to get the price of the contract down, and when the contract goes down the price of spot cotton goes down in sympathy with it.

That is what I am complaining about. Therefore that contract ought to be an honest contract; it ought to be a mutual contract, it ought to be a contract like any other contract in the world, specifying exactly what you are trading in, and then the vendor should be required to deliver what he specifies. But that is what has not been done, or was not done before this custom went out of vogue, and is not being done now.

We from the South appealed to Congress for 30 years; and I say, to the disgrace of Congress, they turned a deaf ear to the South and allowed that nefarious custom to prevail and to control the price of cotton all the while.

About two weeks ago a cotton buyer came to my office here in the city and said that I was absolutely right in trying to get this corrected. He said that old custom was so outrageous that they would tender what we would call "dog-tail" cotton, cotton that was not spinnable, cotton hardly marketable. They would tender that on a contract. I will not go into details, as it is not necessary to do that, but he said he knew of men—and I knew them and I knew of the transactions before 1914—who thought they would buy contracts and demand delivery of cotton and see what they would get; and they did demand delivery. They made up a pool and shipped cotton from New York to South Carolina, and they could not spin it in the cotton mills. This buyer told me that they kept some of that cotton in their warehouses, and they could not get rid of it; and he bought the cotton for a waste mill and used it in a waste mill. If Senators are interested, I would be very glad to give the names and all about the contracts. That kind of a deal would depress the price of the commodity.

Mr. HITCHCOCK. I understood that the Senator and the South generally objected to the old custom.

Mr. DIAL. We did. We begged Congress to correct it.

Mr. HITCHCOCK. Finally legislation was passed, was it not?

Mr. DIAL. Yes.

Mr. HITCHCOCK. And now the Senator is objecting to the legislation?

Mr. DIAL. No; I want to have it amended. The legislation was one of the best laws that was ever passed for the South. It helped them wonderfully. I am coming to that. I just wanted to show how we inherited this proposition. We did not create it; but we were born in it. We could not help it. It was there at our birth, and it was fastened upon us. We appealed to Congress. We did all that poor, suffering, down-trodden people could do, and I say, to the shame of Congress, not that I think Congress would then, and I know they would not now, legislate against us knowingly, but I must complain of the indifference of Congressmen on this question. Senators rise here and talk about trying to help foreigners; and this, that, and the other, and spend a great deal of time in long speeches, but when it comes down to a business proposition they do not want to sit down around a table and study it out and find a remedy. That is what I am complaining about.

If the Senator from Nebraska will give me his attention, we inherited this nefarious practice of the seller selling on the basis of middling and having the right to deliver any one of 32 different grades of cotton.

My father was a successful farmer, and he complained until the day of his death—he died before 1914—that the exchanges kept a lot of dog-tail cotton on hand, and therefore depressed the price of the contract; hence depressed the price of his actual cotton. If Senators will excuse me for saying it, he was the right kind of a farmer. He made his living on his farm and was self-sustaining and did not have to go to the Government or to the banks to borrow money.

Of course, we need funds at certain times to help us over hard places, but it is frequently an injury to men to borrow money. If I had not borrowed a little in 1920 I would have been better off to-day.

Mr. HITCHCOCK. Is the Senator going to indicate what the legislation was and why he wants it changed?

Mr. DIAL. I am coming to that. As Judge Watts, on the bench of South Carolina, would say, that is "the milk in the coconut."

I want to say here that I accord to the framers of the present law every praise. It was perhaps the best they could do at the time. Senators can see how we were suffering before. They cut out 12 grades of this off-grade stuff, which was non-tenderable; and the law made 20 grades tenderable on a con-

tract. Then later Congress cut out 10 grades more, and the law to-day provides that 10 grades shall be tenderable on a contract, instead of the old custom of 32 grades tenderable on the contract. Therefore Senators can see they improved it wonderfully.

I am afraid some of those gentleman think that that was a piece of perfection and that that legislation ought to stand for all time. It did help a great deal and they passed a good law, but they had two sections in it, which I will explain in a minute, which should be changed. They have no right to resent an attempt to amend that law. The original Constitution of the United States was a pretty good piece of legislation, but it has been amended, and I say with all reverence I believe if our Saviour had lived longer in the flesh the New Testament would have been added to. But some of our friends from the South think it is almost sacrilege to come here and say anything against that legislation.

Section 5, let me say to the Senator from Nebraska, provides that the seller of the contract has the right to deliver any one of 10 grades on the contract. You still buy and sell the contract on the basis of middling, but the seller of the contract has the right to deliver any one of 10 grades on the contract, as he sees proper, or mix it up and give you some of all the 10 grades. That is where our good friends, the legislators, "slipped up," to use the common street parlance.

I now call the attention of the Senator from Utah [Mr. KING] to the fact that under this present law they have only 10 grades tenderable on the contract. The contract is still made on the basis of middling. You do not buy middling, you understand, and that is where the trouble comes in. You buy on the basis of middling. You put up your money on the basis of middling, but the seller of the contract has a right to give you any one of 10 grades, or mix up all the 10 grades, as he sees proper.

Mr. KING. Mr. President, will the Senator yield?

Mr. DIAL. Certainly.

Mr. KING. I would like to know the Senator's view as to the power of Congress to go into the States and provide the kind of contract that may be written between the grower of agricultural crops and the purchaser of agricultural crops. Where is the authority? Is it under the interstate commerce power of the Constitution?

Mr. DIAL. It is.

Mr. KING. It seems to me that it is no business of Congress to say what kind of contracts shall be entered into between the grower of cotton and the purchaser of cotton, or the kind of the grades that may be classified in a certain category. It is not the business of Congress to say that I, if I buy a certain grade of cotton, shall be compelled to take some other grade. It seems to me when Congress seeks to interfere with the making of contracts between the vendor and the vendee it transcends its authority and its act is unconstitutional.

Mr. DIAL. The Senator is a great lawyer, but he does not know the facts. He did not buy a particular kind. The purchaser signed the sliding contract. The law could not change that. We were not wanting to come to Congress. We appealed to the State legislatures before 1914 and every Southern State passed a law on the subject, called the antibucket shop law. But the States were incompetent or powerless to cope with the evil and, therefore, we thought it better to have a national law, and we did appeal to Congress then. It was thought at the time, as the Senator said, that Congress would have no jurisdiction of the subject matter, but things have been creeping to Washington and crowding Washington pretty strong, absorbing or assuming jurisdiction where we did not have any here, and it is now pretty well admitted that Congress has a right to govern the subject of legislating on the subjects under three clauses of the Constitution, first, the interstate commerce clause, second, the Post Office clause, and, third, the taxing power clause. That matter has been pretty well adjudicated by the courts.

So we were glad to have Congress take care of it because of the iniquitous system in operation on the cotton exchange. They sell these contracts on the exchange and they flash it by wire over the country, and that quotation fixes the price of our actual cotton. Therefore, we tried to get an honest contract, a fair contract, and let it represent the actual value of the cotton.

Now, that shows some of the history of the matter. The framers of the present law did well. They improved the situation considerably, but unfortunately they put those two sections in the law. If they had not put section 5 in the law, but had let section 10 stand, which specified the grade, that would have been perfectly well. But unfortunately the New

York Cotton Exchange never sold a single contract under section 10 and would not deal in that way. They will not make a contract specifying the particular grade of cotton.

Mr. STANLEY. Mr. President—

Mr. DIAL. I am glad to yield to the Senator from Kentucky. Mr. STANLEY. Is the Senator advised—I am not—as to whether any Federal legislation on this question attempts to govern contracts affecting the sale of cotton except in interstate transactions?

Mr. DIAL. This particular law was based on the taxing power. They tax certain contracts, but they exempt everything else. It was not the object to raise revenue, to be candid, but it was for Congress to get jurisdiction of the subject matter. I think it could as well have been put under the postal clause as under the taxing clause. The particular law to which I have referred is based on the taxing law.

Mr. STANLEY. Is there a Federal tax on these contracts?

Mr. DIAL. Yes; but they exempt pretty much everything. It was just to get jurisdiction.

Mr. KING. Does the Senator have in mind the decisions of the Supreme Court dealing with the question?

Mr. DIAL. Yes. If the Senator will read the speech of Mr. Francis G. Caffey, who was solicitor for the Agricultural Department in 1914, he will find it a most interesting speech, which goes into all the details of the subject. He is a very fine lawyer, located now in New York.

Mr. KING. Yes; I know of him. I am speaking of the decisions of the Supreme Court of the United States.

Mr. DIAL. Yes; that is what I refer to also.

Mr. KING. Where will I find the speech?

Mr. DIAL. It will be found in the Agricultural Department, or my office will be glad to furnish it to any Senator who will telephone for it.

What I am complaining about is the indefiniteness of the contract. It is abnormal. There is no law, there is no custom in the world, that authorizes the seller of a commodity to select the quality for the purchaser. Any contract made on that basis necessarily depreciates the value of the commodity. Anyone can see how unjust it would be. To give a very plain illustration of the way it works, suppose the wife of the Senator from Utah told him to stop by the drygoods store this afternoon and bring her a spool of thread, No. 60 white. She had a fine needle on the machine, and was making a fine dress for the baby. The Senator would go to the store, and the clerk would say, "Yes; we have No. 60 white thread, all right, but you must take No. 10 white. It is good thread. We are the sellers, and under the cotton law we have the right to select the quality for you; and you must take that home. We are allowing you that at a discount." But the Senator does not want that particular quality of thread at all. It is not suitable for the particular use. But under the cotton law he is required to take it.

I beg Senators to bear in mind that there is no use having any prejudice against the cotton mill. There is nowhere else for our cotton to go but to the mills. We can not eat it. We can not wear it until it has gone through the mill, and the mills purchase in the open market in competition with the world.

Our friends out West have a little prejudice against the people in the East along that line. But there is no mill built where one kind of machinery can use the 10 grades of cotton. Certainly they could not do it advantageously. A mill is built to manufacture certain grades of cotton, and the other grades of cotton can not be used in that mill. It is necessary to have it all of one grade or of kindred grades of cotton. Therefore the contract I am discussing is not useful; it is abnormal. No man would pay as much for a contract when he would know that the other man had the right to give him any one of 10 qualities under the contract.

Some of my good friends from the South have said to me that it is unkind to growl about the contract. They say, "When one bought the contract he knew that his rights were not equal with the seller, and hence he did not pay as much for the contract as he would have paid if he had known what kind of cotton he was going to get. Therefore he got a discount and ought not to kick." Now, that sounds pretty reasonable and that, to be candid with the Senate, flabbergasted me a little bit, if I may use the term. But that is erroneous reasoning. He bought it at a discount; that is true. It is argued that if he bought it with his eyes open he ought not to complain.

Mr. KING. Caveat emptor!

Mr. DIAL. That is right; but here is the trouble about that. Here is a way to illustrate that. I am not complaining about the purchaser of the contract. He bought it knowing that the chances were against him and that the other fellow had his

cards marked, and so he ought not to complain. But here is what I am complaining about: The future market fixes the price of the spot market, and when that quotation goes out it fixes the price on the platform down in my little town and everywhere. It is like this:

I say, "Senator, you are a wheat man?" "Yes; I am selling wheat." "I would like to buy a thousand bushels and take a little chance with you on a contract. What is the price?" "Seventy-five cents per bushel." "That is pretty good; a little cheaper than I thought. Here is my check." "Wait a minute, now. I am only selling 3 pecks for a bushel." "I did not know that. I thought it was a little cheap. I thought wheat ought to be about a dollar a bushel." "I am selling 3 pecks for a bushel."

Now, the Senator and I would understand each other. I would be buying that wheat with my eyes open. We would be at arms length with each other. That is our little private transaction and nobody else ought to have anything to say about it. But what I am kicking about is that when it goes out in the afternoon paper that wheat was bringing 75 cents a bushel and that fixes the price of Jim Jones's wheat, who only raises 49 bushels and sells 4 pecks for a bushel and who knows nothing about this exchange dealing, then he is hurt and he is the man for whom I am complaining. The contract ought to be an open contract. It ought to be a mutual contract, a specific contract. It ought to be a contract representing the actual commodity, like every other contract in the world.

The quotations go down to my little town in the morning at 10 o'clock. I have some cotton in the warehouse myself. I say to the buyer, "John, I want to sell my cotton." "All right. What do you want?" "I want 28." "You are out of line. Here is a quotation for January cotton in New York, 27 cents a pound." Those quotations are all over the South every day in the year, from 10 o'clock in the morning until 3 o'clock in the afternoon. I look at the quotation and I say, "I want 28 cents." "But you ask more than the contract for the actual cotton in New York."

Now, that quotation is a lie, to use plain English language. I do not say that in a vicious way, but it is a falsehood; it is a misrepresentation; it is spurious. It is true if you can get your telegram there quick enough and your margin in the bank you could buy that contract at that price, but it is also true that you have not bought any particular grade of cotton. You have bought on the basis of middling cotton, and the other fellow can give you any other grade of cotton he wants to. They use that to deprive our people of a large proportion of the value of every pound of cotton they raise. It depresses the market and it hurts us in our buying power. It cripples all the people in the United States. It takes cotton out of the United States at less price than it should bring to other countries of the world, and they compete with us.

Mr. ASHURST. Then why does the Senator sign that kind of a contract?

Mr. DIAL. Exchange members will not trade in any other way.

In 1920 we raised in the United States less than 13,500,000 bales of cotton. On the New York and New Orleans exchanges alone in 1920 they contracted for over 128,000,000 bales of cotton. I am talking about the man who is not a member of the exchange, the man who never bought or sold a contract in his life and who knows nothing about an exchange, the honest man, the tolling man, who works on the farm and who raises perhaps only 10 or 15 or 20 bales of cotton a year.

Mr. ASHURST. Would not the Senator desire a law to prevent fictitious sales?

Mr. DIAL. Yes; and I am coming to that in a moment. I want to get the idea into the system of the Senator from Arizona and into the system of every Senator present; and I do not care whether he listens to what I am saying or not, if he will just go over the proposition in his own mind and in his own way and not be influenced by what I may say or by anything anyone else may say. Senators have the brains and the ability to make their own decisions on the question, and that is all I ask them to do. They do not need to know cotton or ever to have seen a bale of cotton in their lives or even to know anything about the cotton-future contract, but they can take the principle of the thing and see that here is a contract that allows a man to sell according to sample, to wit, according to middling. Then the law allows that man to change, to deliver some other grade under that contract.

Suppose there were 10 pocketknives over there on that table and a Senator made a contract to buy one and the seller had the right to select any one of them he wanted and deliver it, the Senator would not pay as much for that kind of an open contract as he would for a specific contract. More particularly

is such a practice inappropriate when the commodity has to be used in machinery. The buyer will get some kind of good cotton, but he will not get the kind that he can use.

It has been suggested that if a man buys a contract he takes a chance on it and he ought not to complain. I am not caring anything about those who buy the contract, if we could keep them from affecting the price of spot cotton, whether they pay 10 cents a pound or 20 cents a pound or 49 cents a pound, but when that quotation goes out to the public I want it to be an honest quotation, a mutual quotation, one which will represent the actual commodity. That is what I am trying to get at. It is analogous to the case of wheat.

It is said if the man sells a contract and the buyer knew he had no choice under it, he ought to sell out the contract or take whatever is delivered. My good friend the Senator from Louisiana [Mr. RANSDELL] says: "Even if some other kind of cotton is delivered, you have obtained it at the market price. Will a man complain if he has to take something at the market price?" He said to me, "You are the hardest man to satisfy I ever saw." Let us see about that. I was again flabbergasted for a little while, but here is the fallacy of it, as I have indicated to the Senate heretofore.

I would not give \$2 for a pair of brogan shoes; I do not want to wear brogans. They may be worth \$2, and some people will pay \$2 for them; but they do not suit me; and I do not want to go out and sell somebody a pair of brogans. Neither does the man who needs one grade of cotton want to take another grade and hunt up a purchaser for that other grade. He can not use it and he can not export it, but he has got to pay for it; and it takes a heap of money. The buyer has to pay storage charges and insurance; he has to take all the risk; he has got to run the risk of the cotton being burned up, and all that sort of thing. Therefore the man who has bought the contract does not want to take some other cotton even at the market price. When a man goes to a tailor and has a suit of clothes made and they fit him all right, he settles up with the tailor; but suppose the suit of clothes does not suit him, does not come up to specifications, does the tailor say, "What are you growling about? Pay me what you owe. They will fit somebody else. I made a mistake in making them for you; I slipped up on my measurements; but you get them at the market price." That is the proposition.

However, Mr. President, that is not the main point of my argument. Here is what I am talking about: When that cotton quotation goes out on the market, that false quotation fixes the price of the cotton of John Smith, who has raised 13 bales of cotton, and he can not help himself. I want that quotation to represent the actual cotton.

It is asked, "What are you kicking about? Did you not get the market price?" The point is, however, that the market price would have been higher if it had not been for this inequality in the contract. I hope Senators get that, for that is the gravamen of my argument. On account of the inequality in the contract, nobody will pay as much for that kind of contract as he would for a contract that specified the identical grade.

Mr. KING. Mr. President, as I understand the position of the Senator it is that the contract has so much flexibility that it permits compliance with it upon the part of the man who sells it by delivering a grade of cotton less valuable perhaps than that which the purchaser desires.

Mr. DIAL. It might be more valuable and yet not be the kind that he desires.

Mr. KING. But, at any rate, it is flexible, so that a great many grades may be sold under that particular contract?

Mr. DIAL. Exactly.

Mr. KING. So that, for illustration, if I should buy a contract, I have got to take into account that I may not get the kind of cotton that I desire. I may have foisted upon me an inferior or a lesser grade; and if I claim damage, that controversy is to be adjusted by some instrumentality set up by the exchange?

Mr. DIAL. Formerly it was adjusted by the exchange. The law, however, was changed. The law now provides that if the seller of the contract does not tender middling cotton but tenders some other grade, and he and the purchaser can not agree upon the price of that other grade, then they would submit the matter to the Secretary of Agriculture. That was flabbergast No. 3; that bothered me. I could not go back on the Secretary of Agriculture. So I thought "That is mighty nice," and I studied over it some. I am not very quick to anger, and so I endeavor to get my bearings on that proposition.

I thought the Secretary of Agriculture would fix the price, and that would be pretty good, for he would not be against us farmers. That, however, is not the law. The Secretary of

Agriculture does not fix any price, but he merely ascertains what the price was in the markets. So he wires to 10 "spot" markets and finds out what the particular grade of cotton was bringing on that day. Then he adds up the prices quoted and divides them by 10 and says the result of that process is the price at which the contract must be settled for that other grade of cotton. There is no virtue in saying the Secretary of Agriculture should do that. I have no ill will against the Secretary of Agriculture; he is a fine gentleman, I think, but we had just as well say that the stenographer of the Senator from Utah [Mr. KING] could do that. The Secretary of Agriculture had no right to change the price; he merely ascertained what was the price in the "spot" market.

What I am quarreling about, if the ministers will excuse me—and I almost feel like swearing [laughter]—is that the cotton would have brought more if it had not been for the unjust contract. They auction the contracts off all the time; it is an auction proposition. The auctioneer asks, "What will you give me? Going, going, going!" That fixes the price for the poor devil out yonder plowing in the rain; and he is the man in whom I am interested. The injustice in the contract, the inequality in the contract, is what I am complaining about. I have no complaint about those who play the contract; that does not bother me at all, but I do say, and I ask Senators to remember—and this is the main burden of my song—that the spot cotton would bring a higher price if that contract did not control the price and were not on top of the price. If the contract could be separated from its effect on the spot cotton, I would not so much care. Then they could dance and sing and play and gamble and raise all the Cain they want to on the exchange.

Mr. HITCHCOCK. Mr. President—

Mr. DIAL. I yield.

Mr. HITCHCOCK. Whatever the form of the contract is, the exchange price will fix the price all over the South?

Mr. DIAL. Almost absolutely.

Mr. HITCHCOCK. And the point of the Senator is that this form of contract tends unnaturally to depress the price all the time?

Mr. DIAL. Absolutely; because of the discrimination in the contract. Suppose I come to the Senator and say, "Senator HITCHCOCK, I hear you want to order an automobile," and you reply that you do, and I say, "Very well; I am selling them, and I have 10 grades of automobiles, and I have graduated prices." You reply, "Very well." I say, "I have them from a thousand dollars up to \$10,000," and you reply, "Put me down for a certain-priced machine." Then I come back and say, "Senator, I have made up my mind to deliver your automobile, but I am going to deliver you a Ford," or, in your case, I would say, "I will deliver you a Rolls-Royce." You say, "Oh, no; I do not want that kind of an automobile; I want a Cadillac." But I say, "I am the seller, and under the cotton law I have the right to deliver any one of them to you." Would you give as much for a contract not knowing the kind of car that would be delivered?

Mr. STANLEY. Mr. President—

Mr. DIAL. I yield.

Mr. STANLEY. There is a provision in the law that if the seller agrees to deliver middling cotton, as it is called, and he does not deliver that cotton but delivers some other grade less valuable, then the Secretary of Agriculture may determine the difference between the grade delivered and the grade promised, and the buyer is required to pay that difference.

Mr. DIAL. Yes.

Mr. STANLEY. And the Secretary of Agriculture determines the difference by ascertaining the value of the spot cotton on that day?

Mr. DIAL. The price of that particular grade of spot cotton on that day; that is correct.

Mr. STANLEY. And that price is as much depressed as the price of the grade for which the contract calls?

Mr. DIAL. That is the idea exactly.

Mr. STANLEY. I do not know the terms, but, say, a man agrees to buy middling—

Mr. DIAL. There are low middlings and strict middlings, and so forth.

Mr. STANLEY. Then he agrees to buy middling—

Mr. DIAL. The purchase is made on the basis of middling. That fixes the price.

Mr. STANLEY. But the seller delivers low middling.

Mr. DIAL. He tells you he is going to deliver low middling.

Mr. STANLEY. Then the Secretary of Agriculture finds out the price—

Mr. DIAL. I will ask the Senator to wait a moment. Suppose I say "I am going to deliver to you low middling at, say,

a cent less than middling," but the buyer says "No; I will not allow that." Then they can not agree.

Mr. STANLEY. I understand that; and in determining the actual loss the purchaser appeals to the Secretary of Agriculture, and the Secretary of Agriculture finds the price of low middling by spot sales on that day.

Mr. DIAL. On 10 spot markets on that day; that is correct.

Mr. STANLEY. And the average price of the cotton thus ascertained on that day is the measure of the compensation?

Mr. DIAL. That is it; he takes that grade at that price.

Mr. STANLEY. But, as I understand the Senator, the standard by which the loss is measured is depressed by the same legislative machinery by which the price of the original article is depressed?

Mr. DIAL. Absolutely. The Senator has the proper idea.

Mr. STANLEY. That is what I wanted to get at.

Mr. DIAL. That is the idea. Here is the trouble about the proposition: There is no limit to the selling; exchanges are allowed to sell any quantity they want. Whoever can put up a margin may buy or sell. In 1920 we raised in the South a little less than thirteen and a half million bales of cotton, yet two exchanges alone sold almost nine times as much as was ever raised. There are exchanges also in Bremen, Liverpool, and other places in the world, and they buy and sell contracts, not to help the farmer sell cotton, but they buy these paper contracts; they affect our exchanges, and the price thus quoted affects the spot cotton in the State of the Senator from North Carolina [Mr. SIMMONS] and the spot cotton in my State. That is what I am complaining about. Although I have not an amendment along that line, it seems to me there ought to be some limitation to the quantity that may be sold. The quantity of cotton that is sold is not in existence and will not be in existence in five years, perhaps, yet they keep on selling. Whoever can put up a margin and sell the longest is going to determine the way the price is going. I object to that. Before a seed is put in the ground the next crop is sold.

Mr. STANLEY. Mr. President, at that point will the Senator yield to me?

Mr. DIAL. I yield.

Mr. STANLEY. I want to get the attention of the Senator from Nebraska [Mr. HITCHCOCK] and also the attention of the Senator from Utah [Mr. KING] to this proposition. I am not a cotton expert; but following the interruption of the Senator from Utah and the statement of the Senator from South Carolina to the effect that the trouble is due to the unwarranted intermeddling in a contractual relation between people that have plenty of sense and technical knowledge of their own, and ability to attend to their own affairs, suppose the present law should be repealed; suppose the whole statute should be wiped out and men were allowed to make contracts to buy and sell cotton exactly as they make contracts to buy and sell the cloth made from the cotton or to buy and sell the land on which the cotton is raised or the mules that plow it, then if a man should agree to sell a certain grade of cotton he would either have to deliver it or go into a court and pay fair compensation?

Mr. DIAL. Absolutely. The Senator has come to the solution of the difficulty. In other words, I will say to the Senator from Kentucky, if our people had not inherited this situation and Congress should put it upon them, we would have a revolution if the people of the South understood it. I say, though, that I am glad Congress did take jurisdiction, and they passed the best law they could at that time.

Mr. KING. Mr. President, is the Senator willing now that Congress shall repeal the existing law?

Mr. DIAL. I prefer to amend the existing law. I will come to that in a little bit. We appealed to Congress to take jurisdiction of the subject matter, and we are glad that they did; but the Congress was inimical, I imagine, to our section of the country, and our friends got this law through the best they could at that time. Then our friends thought that they would deal under section 10 and would specify the identical grade of the cotton at the time the contract was made, and that would be perfect. So far as I know, I would have no objection in the world to that, and that is what ought to be done; but the Yankees were too smart for us. They never have sold one of those contracts on the New York Exchange, and but very few on the New Orleans Exchange.

Mr. KING. May I inquire of the Senator if there are not two kinds of exchanges, those that deal in spot cotton and those that deal in futures? And if there are two kinds of exchanges, does the indictment which the Senator is making cover both kinds?

Mr. DIAL. We have only two main exchanges in the United States, one in New York and one in New Orleans. The others are mere branches, I think, of those exchanges.

Mr. KING. Does the Senator think that, for instance, the exchange in Little Rock, Ark., is a branch of the New Orleans or the New York Exchange, which deals in futures exclusively?

Mr. DIAL. No; I am not certain about the Little Rock one; but they have one in Memphis and one in Charleston, and I think they are merely agents, perhaps, of these others.

Mr. KING. Do they deal in futures?

Mr. DIAL. They deal in futures.

Mr. RANDELL. Pardon me. The Senator does not mean that they sell future contracts, does he?

Mr. DIAL. Yes.

Mr. RANDELL. There are only two exchanges in the country which deal in future contracts, and they are the New Orleans Exchange and the New York Exchange.

Mr. DIAL. Yes; but they have branches all over the country. They have branches here in Washington, and they have branches in Greenville, S. C., and they have branches all over the country. These two exchanges fix the price of cotton.

Mr. RANDELL. They may possibly take orders. I suppose the Senator could take orders here for a firm in Paris, to buy cotton or anything else, but he would hardly call himself a branch of a Paris firm. All the exchanges in this country except New Orleans and New York are known as spot exchanges, and if they get an order from some of their customers for a future contract they certainly have to send it to New Orleans or to New York for execution. They could not execute it.

Mr. DIAL. Very well. I do not know of any exchange which makes a future contract for a specific grade of cotton. The figures show that New Orleans did make a few, but I am told by the Agricultural Department—and I investigated this thing thoroughly—that New York had never made a single future contract specifying any particular grade of cotton.

Mr. KING. But they deal in futures?

Mr. DIAL. They deal in futures. That is their business. They do not deal in anything else.

Mr. KING. Has not the Supreme Court of the United States held, with respect to those contracts which deal in futures, that they are unenforceable?

Mr. DIAL. No; they held just the other way.

Mr. KING. That they were gambling contracts?

Mr. DIAL. No. I never read one of these contracts; but I am told that you sign a statement that you are prepared to take the actual cotton, and the Supreme Court held that where that is the intention of the parties the contract is binding.

Mr. KING. Has not the Supreme Court of the United States held, with respect to some of these cotton contracts, that they are so speculative and partake so much of the element of gambling that they are not enforceable?

Mr. DIAL. I think they did some time ago; but later they amended the form of the contract, and if to-day you or I were to sign one of these contracts it would be in the contract that we expected to take the cotton. I do not know the wording of it exactly, but the idea is that they intend it as an actual transaction, to be delivered, and the Supreme Court held that it is valid.

Mr. KING. Is the Senator willing for these exchanges to sell cotton or contract to sell cotton that they do not have and can not deliver?

Mr. DIAL. I will come to that in a little bit.

Mr. OVERMAN. Mr. President, the court has repeatedly held that this kind of contract is a species of gambling and is unenforceable.

Mr. DIAL. They have been recovering judgments on them.

Mr. OVERMAN. I have had cases of that kind and lost out on them—\$26,000 in one case.

Mr. KING. Why do they not close up the exchanges if they are engaging in a species of gambling?

Mr. OVERMAN. That is what ought to be done.

Mr. DIAL. Anyway, I know there have been some decisions, and I think they have varied; but I think they amended the form of the contract later, and the court held that that would stand. They collected some debts, I know, in my State, and got judgment against the debtors where they sold out contracts and there was a deficiency in the contract.

Mr. SIMMONS. Mr. President—

Mr. DIAL. I yield to the Senator.

Mr. SIMMONS. I should like to ask the Senator whether the Supreme Court did not hold that a contract which did not require specific performance in the delivery of the cotton contracted was unenforceable?

Mr. DIAL. That is correct. They held that.

Mr. SIMMONS. Then, did not the exchanges change the form of their contracts, and are they not now selling under a contract that does stipulate for the actual delivery of the cotton upon the demand of the buyer?

Mr. DIAL. That is my understanding; and the party has the right to get the actual cotton, to deliver the actual cotton. I think the courts have held that that is all right; that is a contract; but what I am kicking about is the indefiniteness in the contract.

Mr. SIMMONS. And under the contract the actual delivery of the cotton can be enforced?

Mr. DIAL. That is my understanding.

Mr. SIMMONS. I understand that the Senator from South Carolina is now claiming that while the contract is made upon the basis of middling, under the contract the seller has the right to deliver in satisfaction of that agreement any cotton within 10 grades.

Mr. DIAL. That is correct, under the law. The law fixes 10 grades now. He can give the purchaser some cotton of all grades.

Mr. SIMMONS. Now, I want to ask the Senator this question: Does the Senator propose in his bill that the contract shall specify that none but middling shall be delivered under that contract?

Mr. DIAL. Oh, no. I will come to my bill in a little bit. I had not gotten to that point, but I do not provide that at all.

Mr. SIMMONS. I understand, under the present law, that while the contract is upon the basis of middling the vendor can deliver any of 10 grades of cotton in satisfaction of that contract.

Mr. DIAL. That is correct; at a discount below middling and a premium above.

Mr. SIMMONS. And he pays either a discount below or a premium above.

Mr. DIAL. That is correct.

Mr. SIMMONS. My understanding of the Senator's amendment—and I am going to ask him if I am incorrect—is that his bill would allow the same sort of contract to be made, but it would require that the delivery, instead of being extended to 10 grades, shall be limited to 6 grades of cotton. Am I correct about that?

Mr. DIAL. No; the Senator is not correct.

Mr. SIMMONS. I should like to ask how many grades of cotton may be delivered?

Mr. DIAL. Ten. I do not interfere with the present law.

Mr. SIMMONS. The seller can deliver within 10 grades?

Mr. DIAL. He can deliver within 10 grades, but I want to segregate the grades; group them. I will come to that in a little bit. I have no objection to extending the number of grades that are deliverable, but you must separate the grades and have them in separate contracts. The West, beyond the Mississippi River—they have not very many mills out there—think that the East gets the advantage of them in some way, although that is erroneous, in that they can not tender other grades below the tenth grade. We need not go into the names of them here—strict middling, and low middling, and middling tinges. It is confusing. Just say 10, you can not deliver on contracts below the tenth grade, and they think that is unjust. I should have no objection to making 12 grades tenderable, if you want to, but you must separate the grades, and be more specific in your contracts. My complaint is about the indefiniteness in the contract, and my remedy is to make it more definite. I will come to that in a little bit; but I was trying to get my good friend the Senator to see the wrong first, and see how we got into that wrong, how natural it was, and how we unintentionally and unknowingly and ignorantly got into this proposition, and how helpless we have been all the time, and how we appealed to Congress and begged and besought Congress to give us relief, and they have not done it. Then I will come to the remedy, and the remedy is very simple, I think.

I think I have inoculated the Senate pretty well with the wrong in the contract and have shown that it is a depreciated contract, thereby depressing the price of the actual cotton; and the man who produces the actual cotton is the man I am complaining in behalf of and trying to help. Furthermore, Senators, the injury of the proposition is that when maturity day is approaching the owner of the contract may need a particular grade of cotton in his business, but not knowing within 10 grades what he will get he almost universally sells out his contract. Therefore that makes the market top-heavy. He will not stand up and demand delivery, because he does not know what he is going to get. Hence he would prefer to sell out and pocket the loss. No man ever bought a future contract unless he thought it was at the bottom and would not go any lower and bought it at an auction price, dirt cheap. When maturity day is coming, if he knew what he could get, if the price of that contract was not satisfactory to him, instead of putting it on the market and thereby depressing other contracts and putting the price of cotton down, he would say: "Give me my actual

cotton." This contract, however, is of no account for a cotton mill and is of no account for an exporter, and they are the only two people that use cotton.

What I am trying to get is such a contract that an exporter can stand up and say: "Give me my cotton under my contract"; or a mill can say: "Give me my cotton under my contract." I am told that an exporter, if he gets an offer for one grade of cotton, under the custom of the trade can fill it in either of two contiguous grades, but he can not skip down to the seventh or eighth grade. He can use kindred grades of cotton. That is what I am trying to get at. I am trying to make the contract specify what is to be delivered under it, just as you would if you were buying books, pocket handkerchiefs, chairs, or any other commodity. This law reverses the laws of common sense, it reverses the laws of merchandising, it reverses the law of all kinds of decency in trade, and we can not stand it any longer.

Now, Senators, I come to the remedy. Then my next head will be the objections to the remedy, and I will try to cover the situation as best I can. I shall be very brief.

My amendment has been mixed up with one that was introduced by former Senator Comer, of Alabama. Senator Comer proposed an amendment, to wit, to let the purchaser of the contract have a right to take one-half of the quantity in middling and above middling, the seller of the contract to select the other half. In order to be brief, with all due deference to Senator Comer—I apologize to him; he is a great business man, and I believe a conscientious, honest man, trying to get a better price for the farmer's cotton—I told him that his bill was in the right direction, but I thought he annulled some of the benefits that were to be derived thereunder. I requested him to say, let the purchaser select half of the quantity, and let the seller select the other half; but he did not do that. He said he had a reason for it. My objection to it was that he limited the purchaser to taking middling cotton and above middling, whereas the purchaser might want below middling. Therefore, he meant well, and that would have helped the price of cotton, and would have helped the farmer to some extent, but he annulled a good deal of the benefit of his amendment.

For instance, a coarse-goods mill would not want above middling. They would want coarse cotton; and if they had a contract, and if the contract was so low that it did not suit them, they would necessarily sell out. If, however, they knew they could get cotton below middling suitable for their use, if the price of the contract did not suit them, they would say, "Give me my cotton." Under Senator Comer's proposition they could not get below middling; they would have to take above middling, and that is unsuitable for the use of a coarse-goods mill, for making denims, duck, and a few things like that, sheetings, awnings, and so forth.

On the other hand, take a print-cloth mill; they do not want cotton under middling, and they want, say, above middling of a suitable grade. Anyway, Senator Comer's bill passed the Senate. I helped him. I thought it was on the right track and would help the farmers some. It passed the Senate and was killed in the House.

At that stage, in 1920, being greatly interested in trying to help my people, after Congress adjourned I went to the Agricultural Department, and they brought in all their experts, and I told them to get around the table and let us talk this matter over.

I said, "Now, in order that we may understand each other, let us brush the cobwebs away. Why were you opposed to Senator Comer's bill? I know you were opposed to it. But I want to see if we can not get our minds together." They said, "Senator DIAL, the objection to Senator Comer's bill was this: If the purchaser of the contract had a right to select one-half the quantity in middling and above middling, he would select all that half in middling fair, and there was not much middling fair grown, and then he would call for the actual cotton and he would corner the market, run the price sky high. There would not be enough of that kind of cotton to go around, and he would run the price up and they would have to settle with him at an exorbitant price."

I said, "That is true. I know that. I am not trying to break the exchange. I am not trying to corner the market."

The reason I helped Senator Comer was this: I can not see as much sin, as much wrong, if wrong there be, in letting the purchaser select one-half and thereby run the price away up—which would help bring up the price of the other grades, in sympathy—hence the price of all cotton would be higher. I can not see as much wrong in doing that under the present law, I will say to the Senator from Kentucky [Mr. STANLEY], as letting the seller select the whole quantity, and keep the price at the bottom. It is inequality, thereby injuring the

price of spot cotton. Now, gentlemen, what do you say to this: "I do not want to corner the market, up or down." Let the purchaser select one-half of the quantity of the contract—I say to the Senator from Utah [Mr. KING]—and the seller the other one-half, but in order to prevent a corner up or down, make them divide it equally between two grades. Then you get kindred cotton, and you know to an extent what you are doing. I knew that was not the best solution of the proposition, but it was a compromise, and that was as much as I thought I could get through the Senate at that time. I did not believe there would be a breath raised against that solution.

My objection to it was, because the purchaser could then use the half he would select, but the seller might select his half in something the purchaser could not use. Therefore that contract would not be at as low a price as it would be if the particular grade of cotton were specified. I thought at that time that that was fair between the buyer and the seller. I did not realize fully that the public would be affected to such an extent as I thought later, and think now. But when the price of that contract would go out into the market, it would depress the price somewhat, because there were not equal rights; but I was willing to accept that as a compromise and get it through, and I believed that would bring up the price several cents a pound.

With all due deference I introduced a resolution to that effect and made a statement in the Senate, and Senators were kind enough to ask me many questions and looked into it considerably, and without any praise of myself, I think it put some of them to thinking. I am glad to say. After that I conferred with some of the other cotton Senators, all I could get together, and we concluded that that was not the best remedy, that was not the complete remedy, that the complete remedy would be to specify the particular grade you were trading in, and make them deliver what they specified. There is no question about that being honest. That is the chronological history of the proposition.

At that stage it was thought I was an enemy of the exchanges. I am not an enemy of the exchanges. I believe the exchanges serve a good purpose. Heretofore we exported about half the cotton we raised, and a proper exchange would be a very good place to bring the buyers and the sellers of the world together to trade in cotton, if we had a fair, honest contract, a definite contract, which would fix a definite price of a specific grade. Therefore I dispelled any accusation that I was fighting the exchanges. I would vote to-day to abolish them if the law is not changed, but if we pass a fair law I think they can serve a very good purpose.

After very great consideration, and after a conference with my colleague and others, I concluded that we should repeal section 5, which gives the seller 10 rights and the purchaser none, leaving section 10, which will practically convert the exchange into a spot exchange. That was the point made by the Senator awhile ago.

Therefore, the man who sold the contract would specify the one grade he was selling, and if he had to do that he would be very slow to contract to sell a great quantity of one grade, because he would have difficulty in getting that quantity together; hence he would ask a better price, and when he asked a better price that would bring up the price of the actual cotton. Then you would have 10 quotations every day instead of 1 quotation. The quotation they have to-day is on the basis of middling. Then you would have a quotation for each grade, and it would be confusing. Then you would run a great many people out of the exchange. They would not contract, because a man who would know what he was doing would say, "Give them the cotton." What is the reason a mill in Massachusetts or in Maine could not buy its future supply in contracts and say, "Give me the cotton"? The reason they do not do it is because they do not know the kind they are going to get, and you might give them the very grade they could not use in their machinery.

Talk about hedging. That was not intended as a spot-cotton proposition. It was intended as a hedging proposition. I know something about hedging. Say a mill gets an offer for all the goods it can make for the next four months at a certain price. The management figures on that order at a pretty good price. But they say, "We have not the cotton." They say, "Let us accept that offer at so much a pound." Immediately when they accept the offer for the goods to be made in the future, I will say to the Senator from North Carolina [Mr. SIMMONS], they wire to their broker in New York to buy them that many bales of contract.

They sold the goods four months ahead, and they buy the cotton in one, two, three, or four months delivery. They call

that hedging. What I would like to do would be to let that represent the actual cotton, and when maturity day comes, let them say, "Give me my cotton under the contract." But they can not do that because of the indefiniteness of the contract. Hence, this is the way they work it. The mill says, "We will not commence the order until next month. Buyer, go all over town. We want high-grade cotton." We will suppose they are running on high-grade cloth. Or they will say, "We are running a coarse mill, and we want coarse cotton. Go to town and buy us a thousand bales of cotton, all the cotton we need." So they bought the contract at 25 cents a pound, and sold the goods on that basis. The buyer goes over town. They say, "Buyer, every time you buy 100 bales of actual cotton, you wire to Jim Jones, our broker in New Orleans, to sell out one contract." The mills are absolutely oblivious of the price they will have to pay for that cotton. If he goes over town, he may find the contract has gone down, the price of spot cotton has gone down, and he buys it, for instance, at 24 cents a pound. He has lost \$500 on that 100 bales of futures he bought, but he has bought his cotton \$500 cheaper on the 100 bales than he figured.

Now you get your 1,000 bales. Wait 30 days, get the warehouse empty, and a little more money in the bank. They will say, "Well, John, we are going to need some more cotton. Go out and buy another 1,000 bales." He buys another 1,000, but the price has gone to 26 cents by that time. The mill does not care anything about that. He has paid a cent more a pound for his 100 bales, but he has made that \$500 back in his contract. That is hedging, and some of our good exchange friends will holler, "Oh, that is the object of the exchange."

That does pretty well for the mill and I am not kicking the mills.

I have some little interest in mills, and I am proud of it. There is no room for any difference of opinion between the farmers and the mills in my State and in the South. The last South Carolina Democratic convention adopted a resolution reciting that the interests of the mills and the farmers are identical, and I ask leave to print that as a part of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

There being no objection, the matter was ordered to be printed in the Record, as follows:

[From platform adopted by South Carolina State Democratic convention, held at Columbia, May 17, 1922.]

A condition unparalleled in our history now confronts the people of South Carolina. From the time of our organization as an independent State the foundation of our economic structure has been agriculture. For over a century our supply of money has been largely dependent upon the supply of cotton and its by-products. Of late years the manufacture of cotton cloth has become inseparably linked with the production of the raw material, so that the two now form the basis of our prosperity. It behooves all good citizens to look to the welfare of the cotton farmer and the cotton manufacturer as a matter of self-preservation and for the life of our institutions.

Mr. DIAL. But who is hedging for the poor farmer? This indefinite contract has depressed the price of his actual cotton, and I will say to the Senator from Utah [Mr. KING] it is just as the negro said about his dream. He said, "Boss, I had a mighty bad dream last night."

The boss said, "What was it?"

"I dreamed that all the white folks went to hell."

"That's mighty bad."

"Yes sir, boss; but that wasn't the worst of it."

"What was the worst of it?"

"Boss, I dreamed every white man had a nigger twist him and the fire."

That is the way with the farmer. He is between the speculator and the fire.

I do not object to specifying the identical grade, in the wisdom of the Senate, if the Senate thinks that is proper, and certainly it is honest, and, of course, I am for honesty. That would restrict trading tremendously, and some of my exchange friends would get a little tenderfooted on that proposition, and complain. They ought to be run out of business. They do not raise any cotton. They never saw a bale of cotton. Yet they take advantage of the toiling masses of the South.

I own farms. I have them worked, and I know how those people work. I went down home in my car in June, and I got out at a little town in the morning, early in the morning, about 6 o'clock, and by the time I would get out to the field there would be women and children in the fields working. I would sometimes drive out there as late as half past 7 in the evening, and they would still be there working. I knew this before, of course. That is the kind of people I am trying to help. We have never given sufficient consideration to the services of the women and the children. I do not oppose them working; they ought to work. I have no sympathy with some of the resolutions which are designed to keep people from working.

God Almighty intended that they should work. But there, when Saturday night comes, it is not necessary for the father or the husband to pay those children and the wife in actual dollars and cents for the services they rendered in working that week on the farm. I do not say it is necessary to do it at the end of the month, but I do say, with all the power that is in me, that their services ought to be reflected in the price of the cotton when it is sold, and that family ought to be that much better off on account of it.

Not long ago I heard an ex-demonstration agent from Texas make a speech. He said he was trying to get the people to organize to market their cotton. He went to a German. That German had his little wife on a sulky plow, plowing up the ground, getting ready to plant cotton, and he asked him to join the association, so that they could market the cotton together, as I am glad a great many of our people are doing. That man said, "I will not do it. I can raise cotton for 8 cents a pound." He said that in about four months he went back there, and there was that same little woman, weighing perhaps less than 100 pounds, running that same sulky plow, a little basket in front of her with a baby in it, with an umbrella over it. He said, "To hell with such agriculture." And I say, "amen." That is the kind of people I am trying to help.

The remedy is simply to make their infernal contract definite. If you repeal section 5, then you will close the exchanges in a great measure, as they ought to be, and a lot of those speculators ought to be wearing stripes to-day. There is in New York a tremendous band of crooks and thieves known as the odd-lot crowd. There are people there with the most outlandish names who have discarded their original names and assumed American names. Do not think I exaggerate, because I am not given to making assertions I have not investigated.

I have in my office, and I can show to anybody who wants to read them, the names of such people—one that sounds like Gorowitz, or something else that I can not pronounce, going by the distinguished name of Gorman. Others have names that I never heard of in this country, and they now go under Americanized names. The crowd send out the most lurid circulars over the country and are inducing clerks and chauffeurs and cooks to invest a little money with them, and then they turn around and steal it from them.

The other day I got a letter from a friend of mine in South Carolina, a most excellent gentleman, who said they had robbed him out of \$5,000. I got a letter from North Carolina from a South Carolinian who made a mistake and moved over to North Carolina, who had invested with that thieving crowd, and had lost a lot of money. I got a letter from a friend of mine who went to the State of the Senator from Alabama [Mr. HEFLIN] and settled, and they had gotten \$500 out of him. I have prepared a bill, which I hope to get passed in a few days, and under which I hope to have a few of those crooks put out of business. I took the matter up with the Department of Justice, and one of them has been arrested. One of these thieving crowds went into bankruptcy, it being claimed that they had collected over a hundred thousand dollars from our people and would not turn back the profits and would not even send back the margins they had deposited with them. He had himself put in bankruptcy, and the petition was filed by his clerk.

That is what we are up against, and yet Senators sit down here and when I get up and want to take a little time they say I am filibustering against the ship subsidy bill or something like that. My bill is worth more to my people than every other bill passed through Congress in many years. I have no doubt about that. It is worth the time of every man here. I am going to appeal to the men of the South. If we can not get the law amended, let us have a caucus on Sunday. I am a pretty good Presbyterian, but I will waive that and discuss the matter on Sunday if we can not meet any other time. We ought to get together on it. There is no ground for any difference between us. I care nothing about the exchange. I am trying to get an honest law enacted, and if the exchanges can not exist under an honest law, let them go out of business.

Do not say you do not understand cotton. You do not need to know anything about it. Just take the principle and apply it to any commodity in the world. Let a man sell cotton by sample and let him deliver any one of 10 grades under that sample. That is all there is to it. One man wants one class of goods and another man wants another class. We take away from the purchaser the right to select. A man would not give as much for that sort of contract as he would for a definite contract. To illustrate:

Suppose I go to the Senator from Utah and say, "Senator, you are a hat man, I believe?" "Yes; I am running a big store up here." "I have here a line of hats that I will sell you, ranging from \$6 to \$60 a dozen. There are 10 different

kinds of them." "All right; I want some of those hats. Here is your check." That is the way in which the cotton is bought. Now, I come back to the Senator and say, "Senator, I am going to send those hats over to your store, but I am going to give you all \$6 a dozen hats, hats at 50 cents apiece." "Good gracious, I don't want to litter up my store with that stuff. Go and sell them to some darkey on the back street, and save me whatever you can out of my check."

That is what is done with the cotton-future contract. Not knowing what we are going to get, we say, "If you can not get one price get another, but save me what you can." The hat drummer would come back to the Senator and say, "Save you a little bit out of that check? All right. Now I want to sell you some more hats."

"Wait a minute. The only way you can get me to buy hats is by naming the quality you are going to give me. You must put those hats down so I will know what I am going to get in a definite way. You handed me a lot of stuff before that I couldn't use, and I lost money on it." The Senator would not give as much for a contract of the first kind as he would for a contract definitely stating the quality of the hat. That is the proposition we are up against.

Now let me state my remedy. It is technical, and I shall not go into the details. The different grades are known, for instance, as middling fair, strict good middling, good middling, strict good middling, and so forth, things we do not understand ordinarily. Here is what I am trying to do: I am trying to make the contract more definite. I think if we were to repeal section 5 of the law and let section 10 remain, which specifies the identical grade of the contract, it would be all right.

There is no reason why exchanges should not deal fairly. Why humor those people and pet them up and give them the advantage to get them to trade? If they do not want to trade, let them stay out of the business. We do not care whether they trade or not. If we were to make one specific grade, the man purchasing it would get the identical grade he purchased. The trouble is we do not, under the present law, allow the law of supply and demand to function. It is hobbled; it is tied by this constant settlement difficulty under the difficult contract system now in use.

I think the most practical remedy would be to group the 10 grades. I am not interfering with the grades. Nature provided the grades and the law named them; that is satisfactory to me. I would not object to changing that in some way or other if it were thought proper to do so. The amendment was prepared by the Agricultural Department. I am not a great expert along that line. They have prepared the wording of it, and it merely carries out my idea of what is wanted in the law.

My idea is simply to take the four highest grades which are kindred. There is but little middling fair grown, and it would not do any harm to strike that out, but I do not care to do that. If that were struck out there would be some propaganda or wrong information go out about it, so therefore let that stay and make three classes of the 10 grades—high grade, class A; medium grade, class B; and low grade, class C—with one grade in each class as the basis of that class. Then one-third of the contract must be filled in that basic grade, and the other in that grade or in either of the other grades in that class, but not in some other class. If anyone wants high-grade cotton, he will buy class A. He would know he was getting all of the contract in that class. He would know the basic grade in that class is good middling. He would know he would get what is called good middling cotton in that class to the extent of at least one-third of his contract, and would know that he would get the other part of it in kindred cotton. If he wants a low grade of cotton, he would buy class C, and would then get one-third of the basis mentioned in that class, and get all of his contract in that class. He would know he could use that in his business. He would know he could export that under his contract.

Mr. SIMMONS. Let me understand the Senator. The Senator would retain the 10 grades?

Mr. DIAL. Yes.

Mr. SIMMONS. He would divide those 10 grades into three classes?

Mr. DIAL. Exactly.

Mr. SIMMONS. Each class would have three grades?

Mr. DIAL. Two classes would have three grades each and one class would have four grades.

Mr. SIMMONS. The Senator's contract, or the contract which he would authorize to be made, would specify a particular class, one of the three classes?

Mr. DIAL. That is correct.

Mr. SIMMONS. And the delivery under that contract would have to be from some one of the grades catalogued under that class?

Mr. DIAL. I would have one grade mentioned as the basis of that class, and one-third of the contract would have to be in the basis grade, and it would all have to be catalogued in that class.

Mr. SIMMONS. The balance would have to be selected from that class?

Mr. DIAL. Yes.

Mr. SIMMONS. That would mean that the purchaser would have to take his cotton for his actual delivery in one or the other of those grades. He could not select the one grade and demand that all the cotton he should receive should be of that grade?

Mr. DIAL. No. I am willing to say that he shall get one-third of it in the basic grade and that in the delivery of the remainder he should get of either of the other two grades in that particular class, just as it is done now, but more limited. If there is no grade mentioned in class B it is assumed to be the class traded in.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. DIAL. Certainly.

Mr. KING. I did not hear all of the colloquy between the Senator from South Carolina and the Senator from North Carolina [Mr. SIMMONS], but as I understand the Senator's proposition, it is that he classifies all vendable cotton into three classes. Then he divides those classes into 10 grades and in one class would have four grades, in another class three grades, and in the last class three grades. If I were a manufacturer and I wanted grade 10 of cotton for a particular cloth which I manufactured, and made a contract with the Senator from South Carolina for cotton in the class that would more nearly represent the grade that I wanted, I would enter into contract with him to deliver me 1,000 bales of class C or class 3, and if I wanted grade 10 the Senator would be compelled to furnish me with one-third of the 1,000 bales in grade 10, but as to the other two grades the Senator from South Carolina could determine whether it should be grade 8 or grade 9, or whether it should be grade 8 and grade 9.

Mr. DIAL. The basis mentioned in that class is the middle of the class; that is, in the class to which the Senator is referring the basic grade would be grade No. 9. So the Senator would get one-third of his 1,000 bales in grade 9 and the other two-thirds in either No. 9 or No. 10 or No. 8.

Mr. KING. But suppose the grade I wanted in my factory was grade 10 only. I could not then contract for grade 10 exclusively, could I?

Mr. DIAL. If I would make a contract under section 10 of the existing law, but not under the amendment which I have offered to-day.

Mr. KING. I am speaking of the Senator's amendment.

Mr. DIAL. No. However, that would not prevent me from giving the Senator grade 10 if we should agree upon it, but he could not demand it under the contract.

Mr. KING. Under the contract, if I contracted to buy 1,000 bales of cotton and wanted a certain grade I would not get that grade; I would get only one-third of it in that grade?

Mr. DIAL. That is right.

Mr. RANSDELL. There is no objection in the world, I will say to the Senator from Utah, to his making a specific contract for just the grade he might desire for his mill. If the cotton grower or cotton factor or cotton merchant having the cotton to dispose of has the particular grade of cotton and the Senator, as a spinner, desired that particular cotton, I would contract to deliver to him the number of bales he desired of that specific cotton. That is a specific contract between the Senator and myself. There is no future business in that contract.

Mr. KING. That would be a contract between the manufacturer and the cotton farmer.

Mr. RANSDELL. As a matter of fact, that is the kind of contract made between the person desiring cotton and the person having it to sell. But suppose I, the seller, wanted to insure; that is, when I sell him that cotton at a certain price, at his mill, I want to be sure that I can buy it at that price and deliver it to him with a small profit to myself. I then would go into the future market and buy a contract for the same number of bales, and that is called the hedge or the insurance. But the Senator, who desires the cotton, would bind me to give him the exact cotton he wants, and I am obliged to do it.

Mr. DIAL. But he would not get that under the future contract.

Mr. RANSDELL. Not under the future contract. We have the future contract as an insurance. It is a means of carrying on the business in that way.

Mr. DIAL. The 10 grades are divided into three classes. The Agricultural Department fixed up those classes and put the kindred grades in each class.

Mr. SIMMONS. But under the contract the man who wants middling and only middling would get but one-third of the amount that he bought in middling cotton.

Mr. DIAL. That is right.

Mr. SIMMONS. He would have to take the other two-thirds in a grade that he did not want.

Mr. DIAL. That is true; but he could use them—mix them.

Mr. SIMMONS. So the proposition involves an element of uncertainty as well as the contract made under the present law involving the same element of uncertainty.

Mr. DIAL. That is true; but not to the same extent.

Mr. SIMMONS. But the extent of the uncertainty is simply less.

Mr. DIAL. Yes. I am coming to that just now. I do not say that my solution is the only solution of the proposition, but it is much better than the present law. It is about as far, I think, as Congress should go at this time. I would be willing to accept it as a compromise. What I want is a contract elastic enough to be traded in. I do not object to trading. Let them go to it. I am willing to give some latitude to it.

I also want it to be definite enough to be practicable. Here is the point. I am not an expert cotton man nor a cotton-mill man but I know something of the business generally. I am told that a mill does not have to have all of its cotton in one identical grade. It would like to have it in that grade, but if it can not get it in that particular grade it can use the kindred grades, and the Agricultural Department has fixed those kindred grades in the amendment which I have offered, and no serious harm would result from the use of those kindred grades. They could mix the cotton and use it satisfactorily in making any particular kind of cloth for which their machinery is set. It would suit the machinery and would suit the cloth they are making. Therefore I am willing to group it in the three classes or in any other way the Senate may desire to make it, just so we get a good solution of the difficulty. If it is desired to add more grades that is all right, but classify it. If it is desired to strike out section 5 of the present law and have section 10, which is the only section of the law on the subject that is satisfactory to me, I am very glad to have it; in fact, I would prefer to have it, but I doubt whether the Senate is going to do that.

As I said a while ago, I am told, in Liverpool, when they go to make delivery of the cotton they are not allowed to spread it out over 10 grades, but they must deliver within 3 grades. That makes the cotton usable and makes the contract more valuable and useful. That is what I am trying to do. I am trying to get a better price for cotton. If I could secure the adoption of the amendment, it would stabilize the price of cotton. An increase of even 1 cent a pound in the price of cotton would mean on a 12,000,000 bale crop \$60,000,000 a year for our people. I believe as firmly as I believe the sun shines it would bring up the price of cotton several cents a pound. I believe we are deprived of hundreds of millions of dollars every year because of the operations of the present law. We are simply imposing upon people who can not help themselves and who appeal to Congress here to help them.

Senators, that is the remedy that I offer. I need the help of Senators from the South who represent cotton growers as I do. The question is of as much importance to your constituents as it is to mine, and I appeal to you to study the matter and to vote for my amendment. Unless we get some relief at once, there is no use allowing our people to work and then go deeper into debt simply to raise cotton, because they will have to take whatever they can get for it. Cooperative marketing is one of the best things that has ever been proposed for our people. Such a system is helping and will aid them wonderfully; but with this law on top of them the price of cotton would still be depressed.

Mr. SIMMONS. Mr. President, before the Senator concludes, I should like to interrupt him. The Senator's colleague [Mr. SMITH] is one of the two joint authors of the present law, I think. Am I mistaken about that?

Mr. DIAL. That is my understanding. I was not here at the time the law was passed, but my understanding is that it was called the Smith-Lever bill.

Mr. SIMMONS. The Senator's colleague, as I know, has very positive ideas about this matter. He has talked with me about it. I may not altogether have comprehended his exact position, but my recollection is that he entertains the idea that the adoption of the scheme proposed by the Senator from South

Carolina might possibly very greatly depress the price of certain very low grades of cotton that are somewhat extensively raised in some parts of the South.

Mr. DIAL. They are not included in the present 10 grades, as I understand.

Mr. SIMMONS. It is possible, because they are not included in them, that he has that view; but I do not know the ground, and I am going to ask the Senator if there is anything in the contention that, while his proposal might possibly tend to enhance the price of certain grades, it might also, on the other hand, depress the price of certain other grades?

Mr. DIAL. By no means. We can not make a man buy what he does not want. Since the Senator has mentioned my colleague, I will say that I am sorry he is not here to-day; I wish very much that he were here, but he is detained on official business. I would not have brought this matter up in his absence—in fact, I have been waiting for him, as other Senators, to be here—but I realize that I can offer my amendment to the present bill and a point of order may not be made against it. So I want to bring it to the attention of the Senate. I do not take much of the time of the Senate, but I would feel that I were derelict in my duty and almost a traitor to my people if I did not do everything in my power to get my amendment adopted.

My colleague is one of the best-known cotton men in the United States; indeed, he has an international reputation as a cotton expert. He grows large quantities of cotton and knows the cotton situation very well indeed. He is, perhaps, the best-known southern cotton expert in the United States. I am not here to speak for his private views. I have talked with him about the matter. He made a speech on the floor of the Senate some time ago, and I was certainly hopeful for a long time that he would agree to my solution of the difficulty. I hold him in the highest respect. I said in the first speech I ever made that the framers of the present law deserved the thanks of the people of my section every day of the year. They thought they had enacted a perfect law, and they did have a law, if the exchanges had dealt under and followed the provisions of section 10, which would have been very beneficial. It was thought, no doubt, that the exchanges would operate under that section, but they simply declined to trade in that way and will not so trade now; so that the law has fallen short of expectation, as I see the situation.

Mr. SIMMONS. The Senator says the exchanges will not trade under section 10?

Mr. DIAL. The New York Exchange, the Agricultural Department tells me, have never traded under section 10.

Mr. SIMMONS. What was the contract under section 10?

Mr. DIAL. It specified the identical grade.

Mr. SIMMONS. Without any play at all or any margin?

Mr. DIAL. It is in section 5 where the play comes—sliding options I call it. Some of our southern friends thought we ought to repeal section 5 and leave section 10. I have no objection to that. If that were done, the price of cotton might be 50 cents or 75 cents a pound; in other words, the law of supply and demand would regulate the price; but the law of supply and demand is simply hog tied under the present circumstances, because the operators on the exchanges can go on selling more cotton than there is in existence or will be in existence for many years.

Mr. SIMMONS. Does the Senator think if we limit them to three grades, requiring them to deliver one-third of the contract in one grade and the other two-thirds in the other two grades, the exchanges would trade on that basis?

Mr. DIAL. They would go out of business; and I do not care whether they would come out or not. That would, however, help the price of cotton.

Mr. SIMMONS. The Senator thinks that his bill, then, might possibly break up the exchanges?

Mr. DIAL. No; I do not think it would. I think it would limit the trading a good deal; and trading ought to be limited. I will illustrate my position by saying that we are taught that overproduction decreases the price of the commodity; that is elementary. If that is true, then does not overselling have the same effect? Suppose we were using in Washington a hundred thousand eggs, say, at 50 cents a dozen, and a man in Alexandria comes over here and says, "I want to sell eggs at 48 cents a dozen"; and a man from Baltimore comes and says he wants to sell eggs here at 46 cents a dozen, and some other man comes and says he will sell eggs at 45 cents a dozen. Cotton is selling at auction; but in the case of eggs, when the customer goes to the grocery store and the storekeeper asks him 50 cents a dozen for them, he says, "Oh, no; I will not pay more than 45 cents a dozen."

That is what they do with the quotations in the case of cotton. Every few minutes all over the South the quotations on the New York market are posted, and that fixes the price. If overproduction decreases the price of a commodity, in all common sense does not overselling have the same effect? It is presumed the cotton is right there behind the contract to be delivered; and that is the iniquity of the proposition.

Mr. SIMMONS. The Senator, I think, does not understand me as opposed to his amendment; he does not understand me as defending or championing the methods of the cotton exchanges or dealings in cotton futures.

Mr. DIAL. No; I understand the Senator.

Mr. SIMMONS. I think the evil of which the Senator speaks, that of unlimited selling of a commodity that is produced only to a limited extent, is bad.

Mr. STANLEY. Mr. President, is not that true of all products, such as grain, meat, corn, eggs, and so forth?

Mr. SIMMONS. That is what I was going to ask the Senator from South Carolina. The Senator seems to think that the exchanges, if properly restricted and restrained, would serve a good purpose. Does the Senator believe that cotton exchanges could exist if they were limited in their transactions to the sale and purchase of only the number of bales of cotton that are actually produced in the country?

Mr. DIAL. I do not think there would be much of an exchange under those conditions.

Mr. SIMMONS. There would not be any exchange at all.

Mr. DIAL. I doubt if there would be. That brings up the point that I am driving at. I do not object to them selling more, but I want them to specify what they are selling.

Mr. STANLEY. Mr. President, as I understand the Senator from South Carolina, it is absurd that there should be a right—and I do not yet see how they ever secured it by law—in the face of the common law and common sense and the universal trade customs of all civilized peoples, to make a contract for the sale of one commodity and legally to satisfy that contract by the delivery of another, with the Secretary of Agriculture adjusting the alleged loss by virtue not of a breach of contract but of the exercise of an option under it conferred by law. I do not know much about cotton; but when the Senator urges the propriety of having men keep their contracts and sell the thing they agreed to sell in quality and character, it strikes me it is a very sensible and apparently a very just proposition; it is almost self-evident, to my mind. However, as the Senator from North Carolina has indicated, I am not inclined to agree, though the Senator knows much more about it than I do, in the assumption of the Senator—I did not understand him to state it as a fact—that several sales of the same commodity necessarily depress the price of that commodity. For instance, I may have a dozen eggs on a farm; I may sell those eggs to a wholesaler; he may sell them to a retailer; the retailer may sell them to my neighbor; and my neighbor may sell them to me.

The value of those eggs is going to be fixed by the number of eggs consumed and the number of eggs produced. A series of sales of the same commodity may tend rather to raise the price of the commodity to the ultimate consumer, because the middleman has to be paid. I do not see how a multiplicity of sales will necessarily depress the price, nor can I see where a cotton exchange will be materially interested in the value of the product it handles, for it will make just as much money when the prices go up as when they go down. The Senator, however, is much better qualified to judge as to that than am I.

Mr. DIAL. That is the difficulty, Senator. I would not care how much selling there was if the sales represented specifically what was being sold, but when a dealer can sell milk and deliver buttermilk, that is what I object to. That is the point I am making.

Mr. STANLEY. I entirely agree with the Senator as to that.

Mr. DIAL. I am not opposed to the exchanges selling to their heart's content; but when maturity day comes I want to give the right to the buyer to say to them, "Deliver me specifically what you have sold me; I am not satisfied with the price; give me my commodity."

He says, "Oh, no; I am going to give you something else, and at a different price." Now, as I understand, when maturity day comes the seller of the contract says, "Here is your cotton," and I understand that the buyer of the contract has to express his acceptance in 15 minutes, and if you take it you possibly have to pay for it in two days; you have to accept it right away; but in case you accept the cotton they give the seller 30 days to go down South and hunt it up and deliver it to you. That is my understanding of that proposition.

The point that is made by the Senator from North Carolina [Mr. SIMMONS] is that this thing is wrong between the buyer and the seller because the indefiniteness of the contract does not induce the buyer to pay as much for that contract as he would if he knew what he was going to get. You depreciate the value of any commodity in the world if you make contracts of that kind in regard to it. The contract ought to represent the actual price. The actual price is governed by supply and demand.

Now, let us take this proposition:

Before the war the world consumed about 21,000,000 bales of cotton a year.

Mr. KING. Did that include India?

Mr. DIAL. Yes. We raised about thirteen and a half million bales on an average of 10 years. Now, let us assume this proposition: The Senator from North Carolina [Mr. SIMMONS] and the Senator from Kentucky [Mr. STANLEY] are appointed by the mills of the world to contract for their supply of cotton, and they go out and contract for 21,000,000 bales. The mills then have all they want contracted for and they withdraw from the market.

These people kept on selling contracts, however, in 1920, up to over 128,000,000 bales in the United States, and by the time you count the other exchanges of the world possibly many times that much over. They put contracts on the market, and the mills, having been supplied, will withdraw, and the price will go down, and yet they will keep on selling. There is nothing else for it to do but to go down. You auction it off, and that affects the poor devil that raised it. He has to take his cotton in to market, and he supplies the actual cotton at the price of that contract. You see, that is what fixes his price. The buying power has dropped out from under him. That is the iniquity of the proposition—consumption can not be stimulated.

Suppose a man should come to the Senator from North Carolina and say to him: "Senator SIMMONS, you live down here in North Carolina. You have a pretty good cotton State down there. I sold out my interests some time ago, and I have some money. I believe I will buy some cotton. You say you are likely to get a short crop, and the boll weevil is bothering you a little, and so you say you think the price will go up. I do not know a thing in the world about cotton, and I want you to tell me about it."

"Well, all right, my friend. I think cotton will go up, maybe. Everybody thinks so. You go down and buy a thousand bales—it will take a good deal of money—and put it in the warehouse. You will have to pay carrying charges, interest, and all that kind of thing. It is a pretty expensive proposition."

He says: "Well, Senator, I have heard something about this future business. Tell me something about that. I do not need the cotton until next March or May. I have a good friend who is a big cotton-mill man, and he can use the cotton, and if you think the price is going up I believe I will just buy some futures, 1,000 bales of futures. What do you think about it? I have the money, and will put up the margin."

You say, "Well, my friend, that would cost you a good deal less than carrying the actual cotton; it would be a heap less trouble, and all that sort of thing."

He says, "My friend is making print cloth, a fine quality of goods, up in New England, and he will take the cotton off my hands if I accidentally have to take the cotton."

"Yes; that will be all right. Now," you say, "it is my duty to tell you, my friend, that you can contract to buy futures, but you have not contracted for any particular kind of cotton. You have contracted on the basis of middling. The seller will give you strict low middling, the lowest grade that there is, and your friend needs the highest grade, and therefore he would not take that cotton off your hands."

"What? Is that the way you make contracts? Can I not specify the kind of cotton I want?"

"Oh, no; the law says he can sell you on the basis of middling, and deliver whatever he chooses."

He says, "Well, I will not buy. I will not buy at all or I will wait and buy cheap, away down yonder"—a depreciated commodity, at a discount.

You see, not knowing what he is going to get, of course he would not pay as much as the cotton is worth. Therefore you do not allow people who have money and who otherwise would come to the rescue of the South to contract for the commodity, because they do not know what they are going to get under their contract. Just think about Congress allowing any such law as that to remain on the statute books! It is wrong in the sight of God, and our people ought not to stand it for two days, and if our constituents at home understood it as it is they would rise up and demand that we change it or that we send in our resignations, and they ought to do it.

To make a practical illustration of it: Some time ago a farmer came into my office—a very intelligent man, a graduate of a college. He said, "DIAL, I have been reading in the paper what you have been saying, and I am very much interested in your proposition." He said, "Of course, you are right. The contract ought to specify the particular grade." He said, "Now, you need not make any fuss about it; you need not call my name, but I lost some money in 1920"—and we all have a sad recollection of that year. He said, "I lost some money then, and I thought I would make a little back, and I bought two contracts. I thought I would get 200 bales of cotton." He said, "I keep a pretty good account down at the ——— bank." He is a cotton-mill man, and he said he would take that cotton off my hands. I told him I had 200 bales of cotton. He did not know anything about my buying the contract"; and he said, "I thought I bought middling cotton, but I found out that I did not know what kind of cotton they were going to give me. The price went away down, and," he said, "I went down to ———, the mill man, and I said 'I want to see you about my cotton.' He said 'What kind of cotton have you?' I have not any cotton. I bought a contract. I do not know what kind of cotton I am going to get." "Well, we are making print cloth here. We need fine cotton, and we can not use your kind of cotton at all." He said, "I could not blame him when I looked into it and understood what he said about it. Therefore, I sold out my two contracts and lost \$8,000."

That is the way it is. Hence your contract market is always top-heavy. The interests of the buyer of a contract and the owner of cotton are identical. They expect the price to go up—that is, for the present. When maturity day comes, however, the buyer of the cotton puts his contract on the market, and that makes the market top-heavy, because he can not stand up and demand delivery. It is just like water running over a dam; a little fish down there at the bottom starts up, and here is more coming, and it hits him on the head. The man can put up the margin and keep selling. That is the way the market goes; and then the people who raise the cotton, who labor, who work, who are honest people, can not help themselves, and we allow any such thing as that to remain on the statute books.

The Senator from North Carolina [Mr. SIMMONS] brought up here awhile ago a question about my colleague. I said I would much prefer that he were here. I want to accord him all the credit for just as much honesty as I claim for myself, but I do not yield to anybody in my efforts to try to do good for my people. His objection to my proposition as stated here on the floor was this, as I recollect it, that there was not much difference between the value of these 10 different grades of cotton. Well, now, in that he deserved great credit, because he helped to cut out or possibly did the main work in cutting out 22 grades of sorrier cotton than that. They meant to leave the 10 grades, all good, strong, sound, spinnable cotton, and that is what it is. It is all good, strong, sound, spinnable cotton. He said, however, that there is very little difference in the value of those grades.

Senators, I did not make the 10 different grades of cotton. Nature made them. That was in the law when I came here. That has been recognized ever since we have been growing cotton, so far as I know. I heard about it when I was a boy. Congress appropriated money and had a test made of the strength and the bleaching qualities of cotton, and there is not such a tremendous difference between the adjacent grades of cotton, but there is a difference.

I think the farmers have been robbed of millions of dollars by too great a difference between the grades of cotton. A year or two ago the difference between one grade and another was something like 1,000 points. They bought it on the contract for middling, for instance, so many points off of middling, and it went down to practically nothing at the time the slump came on; but, anyway, I want to call your attention briefly to this situation: I did not fix the 10 different grades of cotton. I do not know any way to make a man buy one grade of cloth if he does not want to buy it. That is not my part, but my bill does not interfere with that at all. I take the 10 grades as I find them in the law and group them together. A man would pay more for the group, because he knows what he is going to get, and he is not going to buy the other group, because he can not use it. As I illustrated to you awhile ago, he has to go out and sell it and get rid of it the best he can. Therefore I am trying to make it a practical contract, a workable contract.

I will ask the Senator from Kentucky [Mr. STANLEY] this question: If he is in Kentucky, and perhaps they do not raise any cotton there—

Mr. STANLEY. Yes; they raise some.

Mr. DIAL. Or very little, at any rate. Suppose you have a mill where you do not raise it; what is the reason why you can not sell your goods ahead, buy your contract, make arrangements at the bank, go to Europe, if you want to, and have a good time—I know you would enjoy yourself—and leave your superintendent to demand delivery of the cotton, make the cloth, and deliver the cloth under the contract? Your superintendent would tell you that you are using a certain grade of cotton in that cloth—you had forgotten about that—and he could not use this other grade. That fellow would deliver him the other grade, and he would have to shut down his mill and go out over there in the other part, where you say they raise that cotton—I did not know you raised much—and get the right kind of cotton, and bring it over to the mill. You could not rely upon the contract.

Now, do you know any other contract that you can make and carry out in that way? Why does the law want to come in here and favor these—I do not want to use harsh terms—dealers who have no interest in our people, who do not raise cotton, who would not know a bale of cotton if they were to see it? Yet you humor them, you give them an option or a preference to sell you one kind of stuff and deliver you something else. Ten options to the purchaser's none.

That is one proposition of my colleague, that there is not much difference. I do not know what is in his mind, but I do not see how you can make a man buy one quality of goods when he wants another.

If you will allow me to be a little personal, a year or two ago a friend of mine lunched with me one day. He and I were in college together. He is a mill president. He runs two very large mills. We went down on the train that night, and I said to him, "What is the reason you mill folks do not just go on and buy these 10 grades of cotton and mix them up and make cloth out of them?" He said, "DIAL, we can not do it." I said, "What is the reason?" I am not an expert. I said, "I think you discriminate too much." He said, "Well, I can not do that." I said, "Well, why? Tell me the practical part of it."

He said: "Over here in Georgia, in our mills, we have a trade-mark on some goods that we sell in China. We had a great run on them, and we are doing a good business in China, and we had to have certain grades of cotton to make that cloth. Over here in South Carolina, at our other big mill, orders began to get a little slack, and we commenced to make that trade-mark out of a different kind of cotton. We shipped that cloth to China, and the first shipment we made they sent back a claim on us for \$20,000, and we had to pay it."

That is what that man told me. If you want his name, I shall be glad to give it to you. That is the practical part of the proposition. Therefore, I do not see that my colleague has any complaint along that line. A mill is not going to buy another grade if it can not use it, and I do not see how you are going to make the same price for it. If the purchaser discriminates between the prices, I can not help that. Anyway, I did not make the distinction in the grades. Nature made that. The law—my colleague's own law, that he put on the statute books—recognizes these 10 different grades. I have the technical names here if any Senator wants to see them.

That is one of his propositions. My amendment does not interfere with that at all, except that it puts them in classes. If you wanted all of them, you could buy three contracts, and you would get some of each grade, or practically so, you see; or, if you wanted one particular kind, you would buy that particular character.

Here is another argument that my colleague presented here that evening, at the time I offered this amendment to the tariff bill. I wanted to sound out the Senate and see how you all felt about it. Another point my colleague made was that it was for the benefit of the farmer that 10 grades were made tenderable, in that the farmer could contract to sell his cotton before he harvested it, even before he planted it, and then, when he did harvest it, he would take it up to the contract man and say, "Here are my 10 different grades on the contract," and my colleague says that was done for the benefit of the farmer. That sounds pretty well, but let us analyze it a little.

In the first place, not one man in a hundred makes 100 bales, and that is the unit. In the next place, our kind of farmers—not the rich ones they have farther West on those palatial prairie ranches—our people, where they plow with a little bit of a gray mule, and raise 5 or 6 bales to the plow, have not enough cotton to tender on a contract. Not only that, Senators, but I venture to say that not one farmer in a thousand in the South

who actually grew the cotton ever made a contract to sell his crop before he harvested it.

Not only that, if you take the whole crop, there are more than 10 grades, and he could not tender the grades below the 10th grade on the contract. Not only that; he would not ship his cotton to the exchange, because it would cost him perhaps a cent and a half a pound to ship it, to pay the freight on it, and then he does not know how they would treat him in the grades. Therefore, he will do just exactly as a rich farmer who lives here in Washington, who owned land in my State, told me he did some time ago, when we were talking about this proposition. He said he would venture that not one in a thousand ever sold a contract; then he said that he would venture that if one in a thousand sold it, not one in a thousand ever delivered the cotton on the contract. He said, without calling names, that he sold a contract some time before that, and he said he wanted to test out this proposition, and he wrote to his broker, "I want to ship you my cotton on the contract. I want to ship you my cotton, and you tender it on the contract." He said the broker wrote back and "raised Cain" with him and replied that he did not want to handle his cotton, to take his cotton and sell it to a mill or to an exporter, and close out the contract "instantly"; and that is what he did, and that is what anybody else would do. They would not deliver cotton on the exchange.

That is a false hope to hold out to the farmer. That is simply a promise that you are going to help him. Even if you supply him a market for it, you put the price of the market down. My hat illustration a little while ago covers that.

You might provide a market, I will say to the Senator from Arkansas [Mr. ROBINSON], for a man to handle the hats that would be manufactured; but if the purchaser let the manufacturer select them, he would not pay as much as if he knew the quality he was going to get. If they were making only 10 grades of hats and the cotton law applied, contracts could be sold, and a market made by the price would be lower.

You may provide a market, but with all due respect to everybody I call that a false hope, a false promise, without any substance or reality in it, and the farmers can not avail themselves of it. Possibly a few very rich men do, but not one in a thousand, or possibly ten thousand.

I could talk from now until to-morrow night on this subject. Those are just a few preliminary thoughts I had in my mind. I appeal to the fairness of the Senate. I want the southern men to get together and talk this thing over, if they will. Most of them have been here much longer than I have. They raise cotton, and they know something about it, but I must say, with all due respect, I do not think they have studied the effect on the poor man who grows the cotton.

I am not here as the mouthpiece of the poor man alone, hollering poverty, but I have a heart as big as the Atlantic Ocean for the man who creates something, who digs it out of the ground, who adds to the wealth of the world. He is to be encouraged, and it is not right, it is not fair, it is not honest, for the United States Senate to keep a one-sided law on him, and to depress his product, and to deprive him of a great proportion of the value of his crop. I believe we have paid out many billions of dollars since the Civil War by reason of this unjust practice. I explained before the Senator from Arkansas came in that we inherited it. We should get together and set it aside. It is not right to try to bolster up one class at the expense of another class. As I said before, I am a long-suffering man. I have tried all my life to make one dollar go where two dollars could go, and have advised my people to work hard, but I would be glad if they would not plant another seed of cotton until Congress amends this law.

There is not going to be enough cotton to go around another year. Some mills will have to shut down, and if we do not do something here to help our people, they will be in despair. They are leaving the farms by the hundreds and by the thousands. I have a friend in my little county who this last year ran 34 plows, and is now going to run 2. I have a brother-in-law who ordinarily raises 1,000 bales. This last year he raised 125.

I want to appeal to my good friend from Louisiana [Mr. RANSDELL]. He is a seasoned Senator. He is a fair man, and he owns cotton farms. He raises cotton. He is just as honest in his views as I am in mine. I feel the highest regard for him. He is a country lawyer, as I am, and I want him to forget about the New Orleans Cotton Exchange. I have no particular ill will against those gentlemen. I do not know that I know any of them. But they toil not, neither do they spin, and yet they live on the fat of the earth. The Senator is fair until he gets down to that point, but the point I make is this: That the price of the actual cotton on the street would have been more if it had not been for the superstructure on top of it.

Mr. RANSDELL. Will the Senator kindly tell me why the price of beeves is not higher right now? There is no future market for them. I had a lot of beeves, and I had to practically give them away. I believe that has been the experience of pretty nearly everybody else who has had any. There are numerous agricultural products not dealt in on the future market, and you can not get anything for them.

Mr. DIAL. Too much supply and too high a freight rate.

Mr. RANSDELL. The Senator always finds some excuse.

Mr. DIAL. I do not deem it necessary to have a cotton exchange. We have no exchange for coal, we have no exchange for iron, we have no exchange for steel, no exchange for lumber and plenty of other things that are marketed. I do not mind an exchange for cotton if you have it as you have it with regard to wheat, where the grade is specified, and then the seller required to deliver what is specified. There can not be anything wrong with that proposition. You need not be uneasy. Nobody is going to accuse you of gambling. Study the proposition and forget about cotton. Then apply the principle to any other commodity.

I offered this amendment I have here, which I say is elastic enough and broad enough to be workable, and yet definite enough to be practical. I offered this and asked that it be taken as a substitute for the other amendment which I had offered. The committee did not report for a long time, something like a year; I moved to discharge the committee. I had no disrespect for the committee, of course; in fact, I have no disrespect for any Senator here, have the kindest feeling for everyone in the Senate. But I thought they kept my bill unnecessarily long. I represent in part a large cotton State, and I offered the amendment in good faith. I believed it would help our people and then at last I moved to discharge the Committee on Agriculture, and said I had hoped they would make a favorable report on my amendment, but if they would not do that to be kind enough to report it without recommendation, and if they would not do that to report it back with an unfavorable report, because I wanted to get it on the calendar and bring it to the attention of Senators and see what they would do with it.

So the Committee on Agriculture had a meeting, and the Senator from Louisiana [Mr. RANSDELL] was appointed a subcommittee to make a report. I presumed, since I had been so fair with them, that they would send it back without recommendation, but it comes back with an unfavorable report. That unfavorable report, however, deals almost exclusively with the amendment which I had withdrawn, knocking that amendment after I had withdrawn it. But, as I have already said several times this afternoon, that was a considerable improvement over the present law.

Senators sitting over on the other side perhaps will not look into it. They will say it came here with an unfavorable report from the Committee on Agriculture. I recognize your power, but I say that the Senate is too big to listen to any one man or to any one committee. I do not believe there are four men on the Committee on Agriculture who would report the amendment unfavorably if they studied the subject. I say that with all due respect to them, and I have faith in them, and I believe they would not unfavorably report it if they would look into it.

The Senator from Louisiana [Mr. RANSDELL] sort of twitted me here on the fact that I did not bring any witnesses to talk about my amendment. I did not have an opportunity that night to reply to him. I did not bring any witnesses—and I hope Senators will listen to this—because from 1884 to 1914 the South had had bills introduced in Congress looking to a change in this law, or to put a law on the books relating to this subject at that time, and witnesses were brought here, and thousands of pages of testimony were taken. That testimony is just as germane to-day as it was then. The exchanges are just the same now as they were at that time. So if anybody wanted to read up on the exchanges, all he had to do was to go down in some of the musty old files and get out the testimony and read it.

I did not bring witnesses for the further and more potent reason that I did not need any witnesses. I represent my State, in part, and I assume the responsibility in this Chamber, if I can assume it, and I assume it to the extent of my ability and limitations. I assume it for the South, so far as I can.

I did not bring any witnesses here, furthermore, because this is not a question of fact. I did not want witnesses here to testify what they think about it—this, that, or the other. My friend from Louisiana brought them all the way from Texas to New York. I paid no attention to them because I knew what they were going to say. The farmers sent me here to look out for their interests, and it is not necessary for me to bring

them here to testify about this. The crowd they brought here were speculators or members of the exchange—very clever people, perhaps—but I suggest that Senators read some of their testimony. A man by the name of Harris said that before this law went into effect the exchanges just did the public going and coming. That was his own testimony.

You will not find one exchange member in the United States, or one man who deals in futures in the United States, so far as I know, who will approve of my amendment, and I am not expecting them to do it, but the main reason I did not bring any witnesses here was this: That this is not a question on which to take testimony. This is a moral proposition; this is a legal proposition; this is a business proposition; and I know that Senators have the fairness to look into it and the ability and nerve to decide.

I merely want Senators to take this thought home with them. Here is a contract that authorizes a man to sell by sample, and here is a law that authorizes him to sell by sample that says he can deliver some other goods in 10 qualities under that sample. What would anyone give for that kind of a contract? No one would give value for that contract, and anyone can see what the result would be.

My friends will get up here and say, "Why, you are the wildest man I ever heard." My good friend, the Senator from Indiana [Mr. Watson], is listening to me, and I am glad. Some Senator said, "If there is a seller, is there not also a buyer?" There is a buyer, of course, but he is not a buyer for value when he does not know what he is going to get. He is buying a pig in a bag, as we say.

The Senator from Indiana and other Senators from his section are not interested in the matter to the extent we are in the South. Our people are in straitened circumstances. We never have gotten anything like we ought to have for our cotton, as I have shown by the reports of the Joint Agricultural Commission. Our country would bloom, our people would thrive, if Senators would help us pass a fair law; but if we take the quotations and buy on the quotations that is buying on false pretense and false representation, and the cotton is purchased and shipped out to Japan, India, Germany, France, Spain, and all over the world, and is made into cloth and sent back here to compete with our people.

All I ask is to make a fair law, an honest law. Do not give any favors. I do not want any favors. I do not ask for any favor. It is not right to have favors. It would not inure to our benefit. Our farmers do not want that, but it is not right to put a one-sided law on the statute books and confiscate the labor of our people. It deprives us of our wealth and of the common necessities of life. We can not buy the goods we otherwise would buy. It takes the wealth out of the United States and cripples our home people.

We pay our taxes, we bought bonds, we helped to fight the war. I want each any every Senator to study the proposition for himself and see if I am not right morally, legally, and in a business way.

Mr. President, I have said a great deal more than I intended to say, but with these few extemporaneous remarks I believe I am about through for to-day. I do hope that there will be no difference between my Southern friends and myself on this question. If they have anything better than I have offered to relieve the suffering of our people and help us get a just compensation or reasonable compensation for our work, I would gladly accept it; I would gladly tear up my amendment and throw it in the basket. But I do insist that we are here as business people after the war to try to get back to normalcy, to try to help readjust things in behalf of the whole country. Nothing could be done that would be more of an act of justice, of fairness, and of right, that would be a greater blessing and would be received with more favor than the proposition which I have presented. I do not know what is going to become of it.

As I said, our labor is leaving, we are shipping our mules away by the carload, and have quit farming. Many places are idle. I am a law-abiding man, a peaceful man, a good-natured man, but the time has come to fight. If I can do nothing else about it, if I can not get the measure through in some way, I am going to talk all over the country next spring and next summer. I would rather run than make a speech, but I know the principle involved is wrong. There is no excuse for it except to help the exchanges to gather in whatever they please. Can anyone tell me any reason why cotton should bring 25 cents a pound at 10 o'clock in the morning and in the afternoon at 3 o'clock bring 23 cents a pound? Everyone knows that is not honest. The reason for it is that the price of the spot market is following the price of the future market, fluctuating. The farming man can not know how to plan for his crop, and the banks

do not know how to plan to lend him money to help him. Nobody can plan ahead with any degree of certainty. Conditions are unstable.

Cotton is a commodity that does not depreciate by reason of the passage of time when properly housed. If I may be pardoned for another personal allusion, there is in a warehouse in my town, a warehouse which I built twenty-odd years ago, a bale of cotton which was raised in 1862, the year I was born. It is just kept there as a matter of curiosity. The staple is good to-day. We know that cotton would not rapidly fluctuate in value. There is no reason for it in the world, and yet with this gambling business permeating the whole country, people running around in little towns and villages of 500 inhabitants watching the market quotations all the time, what are we going to do about it? They watch the telegraph quotations every minute of the day. We ought to have staple and regular prices. Let the law of supply and demand function.

Mr. President, I feel that I have done about the best I could do in 15 minutes or more of talk. If I had more time I could do more, but I leave the matter with Senators in the hope and belief that they will vote for my amendment. I leave the subject for you, your conscience, and your constituents.

Mr. RANSDELL. Mr. President and Senators, if I can secure the attention of the Senate for about 15 minutes I will promise not to take longer than that, and I will try to explain just a few points about the amendment which my friend, the Senator from South Carolina [Mr. DIAL], has discussed with so much eloquence for, I believe, about four hours.

The measure which he has offered in the nature of an amendment to the pending bill is not a new one in the Senate. It has been repeatedly before Congress. For the past 40 years, aye, more than 40 years, future trading in cotton and other commodities has been engaged in. Future trading has been engaged in not only in the big marts of America but throughout the world. At the present day there are great future contract markets at Havre and Liverpool in the Old World. If the amendment of the Senator from South Carolina were adopted and we were stopped from contracting here, the contracting would go on abroad.

This is merely an agency for carrying on business transactions. The Senator rang the echoes upon the fact that a man makes a contract and when he goes to get delivery he does not get delivery of the cotton that he bought. Why, Senators, he overlooks the fact, which he ought to know as a millman, that when a man desires cotton he makes a specific contract for that cotton. He desires, let us say, for his mill 1,000 bales in February, 1,000 bales in March, 1,000 bales in April, 1,000 bales in May, 1,000 bales in June, 1,000 in July, and so on down the line. The millman, as I understand the business transactions, goes to the brokers in cities like Little Rock, Dallas, Houston, Galveston, Memphis, Montgomery, Ala., Savannah, Ga., Atlanta, Ga., Charleston, S. C., and Wilmington, N. C. He goes throughout the great Cotton Belt of the land, and there he makes specific contracts with the men who deal in cotton, who handle cotton, cotton merchants, if you please, cotton brokers, men who represent the producers of cotton. He buys from those men, to be delivered so much in the various months, the kind of cotton that he needs, be it middling cotton or strict good middling or low ordinary or any other grades that he needs for his mill. Those are specific contracts.

What does the broker do before he sells the cotton for delivery at some time in the future? Why, sir, that broker goes into the future exchange market of New Orleans or New York and buys there the same number of bales that he has agreed to deliver, and, buying that cotton at a set price, he knows at what price he can deliver to the mill. It is called a hedge; it is called an insurance. Senators, it is just as much a legitimate insurance as the great Lloyd's, which in England for years has been insuring every kind of business that a man can enter into, especially the business of shipping that carries our commerce throughout the world. Lloyd's insures that business. So the cotton exchanges issue a great many of these contracts as legitimate hedges, as legitimate insurance, for the actual transactions that the mills enter into.

I grant that there is a certain amount of speculation carried on in the future market. There is no doubt about it. We speculate in all sorts of things. I have been speculating all my life in real estate. I have been interested in real estate. Whenever I got hold of a little money I would buy a piece of land, expecting to sell that land. We speculate in cattle and hogs and in other things, but we all speculate more or less. There are a lot of gentlemen "gamblers" who go into the future market, buying grain or cotton or coffee or sugar or anything else, but that does not militate against the legitimate, businesslike features of the trade.

I wish to repeat that this agency of commerce has been practiced very much throughout the last 40 years. Senators, it has been well recognized, well established, and yet the Senator from South Carolina comes in here just as we are winding up the bill and proposes to disestablish, to destroy, to break down, one of the best-established modes of business known to commerce.

Let me show what happened to his measure recently. He introduced his bill some time ago, I believe in February, 1922.

Mr. DIAL. Nineteen hundred and twenty-one.

Mr. RANSDELL. Was it 1921?

Mr. DIAL. I think so, though perhaps I am wrong.

Mr. RANSDELL. As a matter of form, the bill was referred to the Committee on Agriculture and Forestry of this body. That committee held elaborate hearings. The committee invited the Senator from South Carolina and all other interested parties to come before the committee and testify. That committee appointed a subcommittee to hold hearings, and a great many witnesses appeared. I hold in my hand a copy of the hearings. I am not going to detain the Senate by reading at length from them, but I shall be glad to furnish any Senator with a copy of the document. The print is very fine; it covers 175 pages. We went into every phase of the subject; we considered and discussed it with the greatest care; and here is the result of our labors:

The Committee on Agriculture and Forestry, to which was referred the bills (S. 385 and S. 3146) to amend section 5 of the cotton futures act, approved August 11, 1916, as amended—

Those were the two bills introduced by the Senator from South Carolina [Mr. DIAL]—

having carefully considered the bills, respectfully reports them back with an unfavorable recommendation. Both bills are attached hereto and made part hereof.

Mr. DIAL. Mr. President, will the Senator yield to me?

Mr. RANSDELL. I yield to the Senator.

Mr. DIAL. I withdrew the first bill when I introduced the second one.

Mr. RANSDELL. But the committee did not know that; both bills were before us, and we were trying to treat the Senator from South Carolina with all possible courtesy. I continue the quotation from the report:

These bills have a common authorship, S. 3146 being in the nature of a substitute for S. 385—

So if Senate bill 385 had been withdrawn, there is no harm done in referring to it—

and broadly stated is intended to revolutionize the method of trading in cotton for future delivery as now conducted under the supervision of the United States Department of Agriculture.

Your committee wishes to emphasize the fact—

Please listen to this, Senators—

that with the solitary exception of their author, not a witness appeared in support of these bills from the time the hearings started on Friday, January 20, until they closed on Friday, June 2—

From January to June not a single, solitary witness appeared in behalf of the measures except their author—

although ample opportunity was afforded everyone interested to be heard.

In striking contrast with this showing—

Senators, I dislike to read this, but it is not my statement. It is the unanimous report of the committee—

In striking contrast with this showing some of the most representative planters, spot-cotton merchants, exporters, and bankers from the cotton-producing States either appeared in person or notified the committee in writing of their unalterable opposition to these bills. Resolutions were received from the spot-cotton exchanges located throughout the South, whose members were no less emphatic than the witnesses for the New Orleans Cotton Exchange in opposition to these bills, or to any material change in the future contract now operating under the supervision of the Secretary of Agriculture.

Now, listen to this:

And finally, representatives from the Department of Agriculture, which is primarily concerned with the welfare of the small cotton farmer—

Just as much as my friend from South Carolina is concerned or as I am concerned or as any other Senator is concerned about the welfare of the small cotton farmer—

appeared before the committee and placed the stamp of the unqualified disapproval of the Department of Agriculture on S. 385 and S. 3146.

Mr. President and Senators, late as is the hour, I do not wish to take the time of the Senate to read more than I have read, but the report of the committee is very brief; it embraces only four pages; and I will ask to append it to my remarks as a part thereof, and that it may be printed in 8-point type.

THE VICE PRESIDENT. Without objection, it is so ordered.

Mr. RANSDELL. Mr. President, the Senator from South Carolina has referred to the existing cotton futures law. Let me remind those Senators who have been in Congress for some time that this is not the first occasion when we have had this

question before us. It was before us in 1914; it was before us in 1916; it was before us in 1919; and legislation was enacted in each instance. The State of South Carolina was ably represented in both Houses when those laws were passed. The law which is known as the Smith-Lever Cotton Futures Act reflects credit upon its authors and it reflects credit upon the great State of South Carolina, whence those two distinguished men came. I was here at the time, and I know Congress gave the most painstaking and earnest consideration to this extremely difficult business question. It was conceded generally that there should be some legislation thereon, and, after earnest investigation and the taking of a great deal of testimony in both Houses of Congress, the law was passed in 1914. It was amended in 1916, and again slightly changed in 1919. We did not enact the legislation in any instance as an amendment to some other bill. The measures were not proposed without having been considered in committee; we did not attempt to pass them when the committee in charge of it had reported adversely to them; but in each instance we had the fullest, fairest consideration of the subject, and the bill was reported to the Senate; we threshed it out here and made the proper changes.

Senators, this is a most important matter. Are you willing to break down the ordinary means of conducting business in one of the most valuable commodities of America—the cotton crop, a crop which this year is worth considerably over \$1,000,000,000; a crop which for years has given to America the balance of trade between the United States and the Old World? More than to any other commodity we owe our balance of trade to cotton.

As I have three times previously said, for more than 40 years the trading in futures has been a recognized agency in disposing of the cotton crop and is considered an essential means of handling the crop, as a hedge, as an insurance to the actual transactions which are taking place between the consumers of cotton and its producers.

Mr. President, if it were necessary I should be glad to discuss this question for two or three hours or for two or three days. A great man from my State, one whom Louisiana and the Nation delights to honor, Edward Douglas White, made a remarkable speech on this floor on this very subject in 1892, about 31 years ago; and, as a cotton grower, as a representative of the cotton section, whose home is 300 miles from New Orleans, who has nothing in common with the exchange, who has nothing in common with the mills, every fiber of whose being is filled with love and interest for the cotton farmer—for that is my sole business at home—I say to you, sirs, that I am proud to emulate White and other men from that section who have stood for the continuance of the exchange under proper regulations.

Senators, all human institutions are faulty; I do not claim perfection for the exchanges; perhaps their methods should be somewhat changed; but, if so, let us approach the change in an orderly and proper manner. We have passed the three bills to which I have referred; we have found it necessary to make slight changes in the law from time to time. Let us approach other modifications in the same way. When the time comes, if it can be shown that changes are needed but not destruction, I promise to help. The men best informed on this subject say that the Dial bill means destruction; your committee in its report says, in substance, that it means destruction. Now, I appeal to the Senate to vote the amendment down, and let us take up the question in regular and proper order at the appropriate time.

APPENDIX.

[Senate Report No. 841, Sixty-seventh Congress, second session.]

TO AMEND SECTION 5 OF THE COTTON FUTURES ACT.

Mr. RANSDELL, from the Committee on Agriculture and Forestry, submitted the following adverse report to accompany S. 385 and S. 3146:

"The Committee on Agriculture and Forestry, to which was referred the bills (S. 385 and S. 3146) to amend section 5 of the cotton futures act, approved August 11, 1916, as amended, having carefully considered the bills, respectfully reports them back with an unfavorable recommendation. Both bills are attached hereto, and made part hereof.

"These bills have a common authorship, S. 3146 being in the nature of a substitute for S. 385, and broadly stated is intended to revolutionize the method of trading in cotton for future delivery as now conducted under the supervision of the United States Department of Agriculture.

"Your committee wishes to emphasize the fact that with the solitary exception of their author, not a witness appeared in support of these bills from the time the hearings started on

Friday, January 20, until they closed on Friday, June 2, although ample opportunity was afforded everyone interested to be heard.

"In striking contrast with this showing, some of the most representative planters, spot-cotton merchants, exporters, and bankers from the cotton-producing States either appeared in person or notified the committee in writing of their unalterable opposition to these bills. Resolutions were received from the spot-cotton exchanges located throughout the South, whose members were no less emphatic than the witnesses for the New Orleans Cotton Exchange in opposition to these bills, or to any material change in the future contract now operating under the supervision of the Secretary of Agriculture. And finally, representatives from the Department of Agriculture, which is primarily concerned with the welfare of the small cotton farmer, appeared before the committee and placed the stamp of the unqualified disapproval of the Department of Agriculture on S. 385 and S. 3146.

"The evidence adduced by the committee developed that the contract-delivery system as conducted on the New Orleans Cotton Exchange consists of the buying and selling of cotton for future delivery under the United States cotton futures act, as amended March 4, 1919, and regulations of the Secretary of Agriculture pursuant thereto.

"The contracts are known as section 5 contracts, as that section of the United States cotton futures act and the regulations of the Secretary of Agriculture constitute the limitations thereof. These provide that—

"All contracts made for future delivery on any exchange, board of trade, or similar institution or place of business not in conformity with the United States cotton futures act are subject to a tax of 2 cents per pound;

"The contract must specify the basis grade of the cotton involved, which shall be one of the 10 grades for which standards are established by the Secretary of Agriculture; middling shall be deemed the basis grade if no other grade be specified in the contract;

"All cotton dealt with shall be of or within the grades specified by the Secretary of Agriculture;

"Cotton delivered on such contracts above or below the basis grade must be settled for at actual commercial differences above or below the contract price for the basis grade;

"No cotton shall be delivered that is below low middling or that is reduced below the value of low middling because of defects, and so forth, and is of less than seven-eighths of an inch in length of staple;

"Tenders on contracts must be the full number of bales involved or the equivalent weight thereof, and the person making the tender shall give written notice five business days before delivery to the receiver, and in advance of final settlement must furnish the receiver a written notice or certificate stating the grade of each individual bale and by means of numbers identifying each bale with its grade;

"All cotton delivered must be classed in accordance with the classification, made under the regulations of the Secretary of Agriculture, by officers of the Government designated by the Secretary for that purpose.

"Under the authority vested in it the Department of Agriculture has standardized spinable cotton tenderable on contracts into 10 grades, and subject to the above regulations cotton tendered on future-delivery contracts is inspected and classed by Government officials who issue certificates therefor; in other words, under the law the Government becomes a party to the final settlement of the contracts, insuring the honesty, correctness, and uniformity of such deliveries.

"The author of S. 3146 says frankly that both the old custom, under which future trading in cotton was developed, and the present statute 'have always been wrong,' and in lieu of the present law and the regulations promulgated thereunder by the Secretary of Agriculture he would divide 9 grades into 3 classes, to wit, A, B, and C, with 3 grades in each class, and make the middle class the basis, with a discount for a grade below and a premium for a grade above. He can see no objection whatever to this proposition which limits the tender of the seller from 10 grades to 3 in a given contract; he would require the specific grade to be specified at the time the contract is made; and, finally, he would allow the purchaser and the seller of a contract to each select half of the quantity; but in order to avert the possibility of a corner, either up or down, let them divide each half equally in two or even three grades.

"As has been stated, with the exception of the author not a solitary advocate of this plan appeared to urge its substitution for the existing law. It was pointed out, however, that the present law permits the trading in specific grade contracts under section 10, although such contracts are never made across

the future ring, and such contracts are stronger than those provided for in S. 3146.

"With the exception of the author, every witness heard orally and every communication received by mail from representative cotton interests condemned that feature of S. 3146 which would reduce the number of grades allowed in the future contract from 10 to 3. The spot merchants, who deal directly with the growers, pointed out that their purchases necessarily covered a wide range, embracing some 20 or more grades known to the spot trade, and if they were compelled under this bill when selling futures to insure these purchases, to be limited in those future contracts to only 2 or 3 grades, then the future contract used as a legitimate hedge or insurance would cease to function.

"But by far the more vigorous attack upon the proposition to reduce the number of grades and revise the form of contract came from representatives of the United States Department of Agriculture.

"It was pointed out that the present law calls for one form of contract which is the basis of all transactions and provides a continuous market that the spot-cotton trade argues from. It was problematical if the volume of business could be reduced and still provide a continuous market, yet the bill under consideration proposed to divide the present form of contract up into three. If this were done, then the volume of business would be cut into fractions of its present size or there would be a tremendous increase in business to provide the same volume of business in any one of these three forms of contract. The opinion of the departmental spokesman was that the trade would not adopt three forms of contract, and the fact was stressed that the adoption of any form of contract which would reduce the number of tenderable grades would vastly increase the number of bales annually left on the hands of the "aggregate producer." As an illustration of the awful menace threatening the smaller farmer which is involved in any plan which would reduce the number of grades tenderable upon future contracts the department pointed out that in the comparatively recent past when the Senate called upon the Census Bureau for figures showing the quantity of spinable cotton on hand it was shown that there was in storage in the warehouses of the country cotton that was untenderable on future contracts to the extent of 24 per cent of the total.

"The same unanimity of adverse opinion was expressed by all branches of the cotton trade upon the third and remaining feature of the bill, which provides that the purchaser and the seller of a contract each select half of the quantity involved in the contract. The effect of this arrangement, it was contended, would be to restrict the contract to a point where the spot-cotton merchant could not make use of it in connection with his business, and trading in futures as a hedge or insurance for legitimate business transactions would be automatically discontinued.

"As disclosed by their titles, neither S. 385 nor S. 3146 were intended to suppress the two exchanges in this country where future contracts in cotton are dealt in, irrespective of what their ultimate effect upon the trade might be. But in view of the very general interest that has recently been manifested in the subject of future trading in agricultural products and because of the attention that has been bestowed upon certain phases of the question by the judicial as well as the legislative branch of the Government the committee decided to conduct a broad and comprehensive inquiry in the operation of the cotton futures act as amended.

"It is believed that the hearings, embracing a volume of 175 pages, will prove a valuable and timely contribution to the information on a subject that promises to engage the attention of Congress for some time to come.

"The witnesses from the various cotton States, and who were very largely engaged in the spot-cotton business, are recognized throughout the trade as qualified to speak for the interests they represented.

"The communications from the New Orleans Cotton Exchange, dealing with the other phase of the cotton trade, are from officials of that institution whose long and distinguished service in the cause of future trading have made their names household words throughout the civilized world wherever cotton future contracts are traded in.

"The committee has also deemed it advisable to include in the hearings, for the convenience of those who wish to study this question, a summary of the exhaustive discussion of the Comer amendment to the cotton futures act on the floor of the Senate, Friday, April 30, 1920, by Senator JOSEPH E. RANSDELL, of Louisiana, together with the speech of Hon. Edward D. White, of Louisiana (subsequently Chief Justice of the Supreme Court of the United States), in the Senate of the United States, Thursday, July 21, and Friday, July 22, 1892."

[S. 385, Sixty-seventh Congress, first session. By Senator DIAL.]
A bill to amend section 5 of the United States cotton futures act, approved August 11, 1916, as amended.

"Be it enacted, etc., That section 5 of the United States cotton futures act, approved August 11, 1916, as amended, be, and the same hereby is, amended as follows:

"In the fourth subdivision of section 5 of said act insert '(a)' after 'fourth' and before 'provide' and add at the end of such fourth subdivision:

"(b) To provide that unless cotton in the basis grade be tendered in settlement of such contract, the buyer shall have the right to demand that one-half of the amount deliverable under the contract shall be delivered in equal quantity in two grades, to be specified by him, and that the seller shall have the right to tender one-half of the amount deliverable under the contract in equal quantity in two grades to be specified by such seller."

"The foregoing amendments shall be effective on and after the thirtieth day after the approval of this amendatory act, but nothing herein shall be construed as applicable to contracts entered into prior to the effective date of this amendatory act, or to affect rights acquired or powers exercised thereunder."

[S. 3146, Sixty-seventh Congress, second session. By Senator DIAL.]
A bill to amend section 5 of the United States cotton futures act.

"Be it enacted, etc., That the second subdivision of section 5 of the United States cotton futures act, approved August 11, 1916, as amended, is amended to read as follows:

"Second. (a) Specify as the class of the contract one of the following classes:

"Class A, which shall include only middling fair, strict good middling, good middling, and strict middling grades;

"Class B, which shall include only strict middling, middling, strict low middling, and good middling yellow tinged grades;

"Class C, which shall include only strict low middling, low middling, strict middling yellow tinged, and good middling yellow stained grades.

"(b) Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary of Agriculture, and which shall be one of the grades included within a class in paragraph (a) of this subdivision; the price per pound at which the cotton of such basis grade is contracted to be bought or sold; the date when the purchase or sale was made; and the month or months in which the contract is to be fulfilled or settled.

"(c) If no other class is specified in the contract, or in the memorandum evidencing the same, the contract shall be deemed a class B contract.

"(d) If no other basis grade be specified in the contract, or in the memorandum evidencing the same, good middling shall be deemed the basis grade incorporated into a class A contract, middling shall be deemed the basis grade incorporated into a class B contract, and low middling shall be deemed the basis grade incorporated into a class C contract."

"Sec. 2. That the third subdivision of section 5 of such act is amended to read as follows:

"Third. Provided that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are established by the Secretary of Agriculture, and of or within the grades included within the class so specified or incorporated as the class of the contract, and that cotton of any other grade or grades shall not be dealt with therein nor delivered thereunder."

"Sec. 3. That the fifth subdivision of section 5 of such act, as amended, is amended to read as follows:

"Fifth. Provided that cotton that, because of the presence of extraneous matter of any character, or irregularities or defects, is reduced in value below that of strict middling in the case of a class A contract, strict low middling in the case of a class B contract, or low middling in the case of a class C contract, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eighths of an inch in length of staple, or cotton of perished staple or of immature staple, or cotton that is "gin cut" or reginned, or cotton that is "repacked" or "false packed" or "mixed packed" or "water packed," shall not be delivered on, under, or in settlement of such contract."

"Sec. 4. That the second paragraph of the seventh subdivision of section 5 of such act, as amended, is amended to read as follows:

"The provisions of the third, fourth, fifth, sixth, and seventh subdivisions of this section shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or

prior to the time the same is signed, the phrase "subject to United States cotton futures act, section 5, class A," if the contract is a class A contract; or the phrase "subject to United States cotton futures act, section 5, class B," if the contract is a class B contract; or the phrase "subject to United States cotton futures act, section 5, class C," if the contract is a class C contract."

"Sec. 5. That the provisions of this act shall be effective on and after the thirtieth day after its passage, but such provisions shall not be construed as applicable to nor as affecting any right, power, privilege, or immunity under any contract entered into prior to such day."

Mr. KING. Mr. President, will the Senator from Louisiana permit me to ask him a question?

Mr. JONES of Washington and Mr. DIAL addressed the Chair.

The VICE PRESIDENT. The Senator from Washington.

Mr. KING. I desire to ask the Senator from Louisiana a question.

Mr. JONES of Washington. I merely wish to see if I can not get an agreement. I had hoped that we should be able to dispose of the pending bill to-night. I do not wish to try to bring Senators here now; so I was going to ask unanimous consent that the Senate take a recess until 11 o'clock to-morrow, with the understanding and an agreement to that effect that the Senate shall vote on the pending amendment not later than 11.30 o'clock. Could I obtain an agreement of that character?

Mr. DIAL. No; and I hope the Senator will not make the request.

Mr. KING. I suggest to the Senator that he ask that a vote be taken at 1 o'clock.

Mr. JONES of Washington. Will the Senator from South Carolina be willing to fix a time when we shall come to a vote?

Mr. DIAL. I do not desire to take up much longer the time of the Senate; but I have been absent for four or five days, having been called out of the city, and have just returned. I am very tired and can not proceed to-night. The reason I have not previously offered the amendment is because I have been away. To-morrow I shall only want 10 or 15 minutes, if the Senator from Washington will give me that much time.

Mr. JONES of Washington. Would the Senator from South Carolina be willing then to take a vote not later than 12 o'clock?

Mr. DIAL. I suggest that the Senator make it 1 o'clock, as some other Senator might wish to speak.

Mr. ROBINSON. If the Senator from Washington will yield to me, I desire to say that I do not think the pending amendment will consume a great deal of time in discussion to-morrow. I think, perhaps, it would be better to take a recess now and to-morrow resume the consideration of the bill, without an attempt to agree upon a time for a vote upon the amendment.

Mr. JONES of Washington. Might we not fix a later hour at which to vote on the pending amendment?

Mr. ROBINSON. I shall not object to voting at 1 o'clock or even before that time.

Mr. JONES of Washington. I suggest that the vote be taken not later than 1 o'clock.

Mr. ROBINSON. If the discussion shall have been concluded prior to that time, so far as I am concerned, I shall not object to a vote, but I do not believe it will be necessary to take a recess until 11 o'clock.

Mr. JONES of Washington. We have had this amendment under consideration now for about three hours, although it is a proposition that really is not germane to the bill. I do not want to press the matter unduly, and I do not think I have, but I think that the Senate ought to be willing to recess until 11 o'clock.

Mr. ROBINSON. I shall object to any unanimous-consent agreement for a recess until 11 o'clock; but I shall not object to any arrangement the Senator from Washington may be able to effectuate if he contemplates a recess until 12 o'clock.

Mr. WARREN. Mr. President, I wish we might agree upon the proposition which has been made by the Senator from Washington [Mr. JONES]. I gave notice last night that I wished to have taken up to-day an important appropriation bill, and I had hoped that it might be considered. It is rather necessary that the appropriation bill should be passed to-morrow, but I do not wish to move to displace any other measure.

Mr. ROBINSON. There is no objection to the Senator taking up the bill at 12 o'clock; but I think it unnecessary to begin at this time the practice of recessing until 11 o'clock and I shall object to it.

Mr. JONES of Washington. I will say to the Senator that if the Senate shall agree to vote on this amendment at not later than 1 o'clock I am willing to propose a recess until 12.

Mr. ROBINSON. I have no objection to that arrangement.

Mr. JONES of Washington. I ask unanimous consent, then, Mr. President, that when the Senate closes its session to-day it recess until 12 o'clock to-morrow, and that we vote on this amendment not later than 1 o'clock to-morrow.

Mr. HEFLIN. Mr. President, I want to say only a very few words. The senior Senator from South Carolina [Mr. SMITH] is not here; I understand that some members of his family are sick; and I want to say a few words. I do not think I shall consume over 10 minutes.

Mr. ROBINSON. I suggest that the Senator get recognition now and go on to-morrow, and take such portion of the time as he desires.

Mr. HEFLIN. Then, Mr. President, I ask for recognition now, that I may be recognized in the morning, so that I can proceed the first thing in the morning.

The VICE PRESIDENT. The Senator from Alabama. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the unanimous-consent agreement is entered into.

The agreement was reduced to writing, as follows:

It is agreed by unanimous consent that when the Senate concludes its business to-day it recess until 12 o'clock to-morrow, and that at not later than 1 o'clock p. m. on the calendar day of Thursday, January 18, 1923, the Senate will proceed to vote without further debate upon the pending amendment of the Senator from South Carolina [Mr. DIAL] to Senate bill 4280.

Mr. FLETCHER. Mr. President, I have only one other amendment that I want to offer to this bill. So far as I know, it will not take a very great while.

Mr. JONES of Washington. Does the Senator desire to offer the amendment now?

Mr. FLETCHER. No; I simply want to let the Senator know that there is another amendment pending.

EXECUTIVE SESSION.

Mr. JONES of Washington. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 5 minutes spent in executive session the doors were reopened, and (at 5 o'clock and 35 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Thursday, January 18, 1923, at 12 o'clock meridian.

CONFIRMATIONS.

Executive nominations confirmed by the Senate January 17 (legislative day of January 16), 1923.

COLLECTOR OF CUSTOMS.

Oscar E. Dahly to be collector of customs, district No. 36.

POSTMASTERS.

CALIFORNIA.

Henry De Soto, Kentfield.

IOWA.

Jesse A. Barnes, Brooklyn.

Lorenzo D. Haworth, Dunlap.

MICHIGAN.

Carl A. Anderson, Menominee.

MISSOURI.

Alva C. Boyd, Milan.

NEBRASKA.

Edith E. Peterson, Eddyville.

Otto Dau, Yutan.

NEVADA.

Mary V. Fox, Gold Hill.

NEW MEXICO.

Timothy B. Baca, Belen.

Canuto C. Sanchez, Santa Rosa.

NEW YORK.

Herbert R. Foshay, Mamaroneck.

TENNESSEE.

Joseph C. Hale, Winchester.

TEXAS.

Fred H. Ligarde, Laredo.

James M. Sloan, Navasota.

Raymond G. Johnson, Rockwall.

Edward N. Mulkey, Sherman.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, January 17, 1923.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

By faith, by love, and by hope, our Heavenly Father, may we be joined to Thee. As Thou art an infinite God, we believe that all good work is immortal. As through Thy mercy our days are renewed, O renew our strength unto all good things that make for righteousness and peace. May each morning be a new call to duty, and help us to blend all our privileges with gratitude and humility. Spare us from being afraid of our deepest convictions. Bless all who sow in tears, and some happy moment may they reap in joy. Through Christ, our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

WAR DEPARTMENT APPROPRIATIONS.

On motion of Mr. ANTHONY, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and for other purposes, with Mr. TILSON in the chair.

The CHAIRMAN. When the committee rose last evening there were 11 minutes remaining to the gentleman from Kansas [Mr. ANTHONY].

Mr. ANTHONY. Mr. Chairman, we will not use that time. I ask that the Clerk read the bill.

The CHAIRMAN. The Clerk will proceed with the reading of the bill.

The Clerk read as follows:

CONTINGENCIES OF THE ARMY.

For all contingent expenses of the Army not otherwise provided for and embracing all branches of the military service, including the office of the Chief of Staff; for all emergencies and extraordinary expenses, including the employment of translators and exclusive of all other personal services in the War Department or any of its subordinate bureaus or offices at Washington, D. C., or in the Army at large, but impossible to be anticipated or classified, to be expended on the approval or authority of the Secretary of War, and for such purposes as he may deem proper, including the payment of a per diem allowance not to exceed \$4, in lieu of subsistence, to employees of the War Department traveling on official business outside of the District of Columbia and away from their designated posts, \$62,980: *Provided*, That not to exceed \$34,980 of the money herein appropriated shall be expended for the payment of salaries of civilian employees connected with the sale of war supplies and the adjustment of war contracts and claims: *Provided further*, That none of the funds appropriated in this act shall be used for the payment of expenses connected with the transfer of surplus property of the War Department to any other activity of the Government where the articles or lots of articles to be transferred are located at any place at which the total surplus quantities of the same commodity are so small that their transfer would not, in the opinion of the Secretary of War, be economical: *Provided further*, That none of the funds appropriated or made available under this act shall be used for the payment of any salary in excess of \$5,000 per annum to any civilian employee in the War Department, unless otherwise specifically provided by law.

Mr. SISSON. Mr. Chairman, on page 11 of the bill I notice that the Clerk read "\$34,980." On my copy of the committee print of the bill, which originally provided not to exceed \$67,000, I have it marked that we reduced it to \$30,000.

Mr. ANTHONY. If my memory is correct, we reduced the item \$15,000 and changed the figures from \$49,980 to \$34,980 to reflect that reduction of \$15,000.

Mr. SISSON. The gentleman may be correct about it. I have it marked \$30,000 in my copy of the bill.

The CHAIRMAN. The Clerk will proceed.

The Clerk read as follows:

MILITARY POST EXCHANGES.

For continuing the construction, equipment, and maintenance of suitable buildings at military posts and stations, for the conduct of the post exchange, school, reading, lunch, amusement rooms; for the conduct and maintenance of libraries, service clubs, chapels, and gymnasiums, including repairs to buildings erected at private cost, in the operation of the act approved May 31, 1902, and including salaries and travel for civilians employed in the hostess and library services, and for transportation of books and equipment for these services; for the rental of films, purchase of slides, for and making repairs to moving-picture outfits and for similar and other recreational purposes at training and mobilization camps now established, or which may be hereafter established, \$75,000: *Provided*, That not to exceed \$30,000 from this appropriation may be expended for the conduct and maintenance of libraries and not to exceed \$30,000 may be expended for the conduct and maintenance of hostess houses: *Provided further*, That no person paid from this appropriation shall receive a total salary at a rate exceeding \$3,500 per annum and not more than two may be employed at \$3,500 per annum each.

Mr. MCKENZIE. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McKENZIE: On page 9, line 19, after the word "each," change the period to a colon and add the following: "Provided further, That hereafter civilians employed in the hostess and library services and paid from the appropriation for military post exchanges may be appointed by the Secretary of War without reference to civil-service rules and regulations."

Mr. McKENZIE. Mr. Chairman and gentleman of the committee, the incorporating of hostess houses in the Military Establishment is something rather new and novel, but it has been found to be a very great advantage, and the War Department feels that it should be continued. The Committee on Appropriations have appropriated the money for the continuance of the same, but when it comes to selecting the proper persons to be put in charge of these hostess houses they have found that it would be infinitely better if they had the privilege of making that selection without having to apply to the Civil Service Commission to have some one certified. That is the only purpose of this amendment. I think it ought to be adopted.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. McKENZIE]. The amendment was agreed to.

The Clerk read as follows:

ORGANIZED RESERVES.

Officers' Reserve Corps: For pay and allowances of reserve officers called to active duty for 15 days' training, \$900,000; for pay of reserve officers called to active duty for more than 15 days in accordance with law, \$200,000; for mileage, \$250,000; in all, \$1,350,000.

Mr. HULL. Mr. Chairman, I offer an amendment, on page 9, line 25, to strike out the figures "\$1,350,000" and insert "\$5,000,000."

The CHAIRMAN. The gentleman from Iowa offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 9, line 25, strike out the figures "\$1,350,000" and insert "\$5,000,000."

Mr. HULL. Mr. Chairman, of all the appropriations which we make for the national defense that which we make for the Officers' Reserve Corps accomplishes more for less money than any other appropriation. We have to-day in the Officers' Reserve Corps 69,000 officers. Of that number we ought to train one-half every year, so that every officer in the corps would receive training every two years. Unfortunately, as I understand it, only 17,000 of the 69,000 have applied for training next year. To train the 17,000 men will take \$5,000,000. If you cut that to \$1,350,000 you can not train one-half of the men who have applied for training next year. At that rate you would not give training in six years' time to the 69,000 men that you have in the corps. It is the testimony of all experts—and with that testimony I agree—that unless you train these officers every two years they become obsolete and practically of no value. The lesson of the recent war was that we did not have trained officers. The great cost of the war in the lives of our boys was due to the fact that many of them went out to fight under officers who were not properly trained. If you do not train these reserve officers you must train regulars, and regulars cost fifteen to twenty times as much money as it costs to train these officers in the reserve corps. The training lasts only two weeks. Surely if these men who come out of civil life and offer to devote two weeks to the training that is necessary for them to remain efficient trained officers, we ought to give them the money that will make it possible for them to receive the training. I do not think it is necessary to have any lengthy debate on this. It is admitted by the chairman of the committee that they have not provided enough money in the bill to take care of the men who have asked for training. The amount of money that I propose will simply train the men who have asked for the privilege.

Mr. ANTHONY. Mr. Chairman, the gentleman from Iowa [Mr. HULL] is exceedingly generous in his application of Treasury funds. He has only asked to raise this item from a little over \$1,000,000 to \$5,000,000, about double what the War Department is asking for, for this activity. I do not know where he proposes to get the money. Probably he proposes to raise it out among his Iowa farmers.

Mr. BLANTON. Will the gentleman yield?

Mr. ANTHONY. I yield to the gentleman from Texas.

Mr. BLANTON. The inmates of the Rock Island Arsenal might help the gentleman.

Mr. ANTHONY. Probably that would be a very good source of revenue. But in regard to training of reserve officers I want to call the attention of the House to the fact that of the

\$1,000,000 appropriated for the purpose of the Organized Reserve last year there is \$381,000 remaining unexpended to-day. The committee has increased the appropriations available for training the reserve officers until we are going to train nearly double the number who were trained during the current year; and with our experience during this year, when the department was unable to use all the funds we appropriated, we feel sure that we have been exceedingly liberal in the treatment of this activity. There is no disposition on the part of the committee to hamper a reasonable amount of training for reserve officers, but we think it would be extremely inadvisable to go to the limit suggested by the gentleman from Iowa [Mr. HULL].

Mr. HULL. Will the chairman state the full amount appropriated for training camps for reserve officers under the bill? It occurs in several items.

Mr. ANTHONY. Yes. I want to call the attention of the gentleman from Maryland to the fact that last year the mileage for the reserve officers was taken out of the mileage of the Army, but this year we appropriate directly for the mileage of the reserve officers, so there is an appropriation of \$250,000 and over for that purpose.

Mr. HILL. I understood that this year there would be money available for training about 11,000 reserve officers.

Mr. ANTHONY. I think that is about the number that will be covered.

Mr. HILL. I want to say that I propose to offer an amendment on page 9, striking out \$900,000 and inserting in lieu thereof \$1,746,709. I would like to ask the gentleman how many the War Department plans to train under that request.

Mr. ANTHONY. About 15,000, and the gentleman from Iowa wants to train 35,000. The committee proposes to train about 11,000.

Mr. ROACH. Will the gentleman yield?

Mr. ANTHONY. Yes.

Mr. ROACH. I understood the gentleman to say yesterday that this item provided for sufficient funds to enable the department to train all the men that it was in a position to train at this time.

Mr. ANTHONY. In connection with all the other training activities, we thought it was a full program for the Army.

Mr. ROACH. There would be no necessity, then, for increasing the amount carried in the bill.

Mr. ANTHONY. I think if we go on at 100 per cent increase it is very liberal.

Mr. ROACH. I agree with the gentleman.

Mr. HULL. Mr. Chairman, I ask unanimous consent to modify my amendment by making it read "\$3,000,000" instead of "\$5,000,000."

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to modify his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Page 9, line 25, strike out the figures "\$1,350,000" and insert "\$3,000,000."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was rejected.

Mr. HILL. Mr. Chairman, I offer the following amendment. The Clerk read as follows:

Page 9, line 23, strike out the figures "\$900,000" and insert in lieu thereof the figures "\$1,746,709."

Mr. HILL. Mr. Chairman, the printed hearings show that the committee went very fully into the matter of training the Reserve Corps. My proposed amendment is the amount the War Department asked for, providing training for 15,000 officers. I understand from the chairman of the committee that the amount recommended by it will train over 11,000 officers. I think there should be 15,000 trained, but I am glad to see that the committee has doubled the number of officers to be trained next year over those trained this year.

Mr. STAFFORD. It is hardly necessary, Mr. Chairman, for me to add anything to what has been said by the chairman of the subcommittee. The proposal of the gentleman from Maryland would increase the estimates of the department by more than \$200,000. The hearings before the committee show that the total was \$1,746,000, and that not only included the training at the small camps but also the training at the Army school for more than 15 days, for which we appropriate \$200,000.

Mr. HILL. And the \$200,000 is included in that amount?

Mr. STAFFORD. It is.

Mr. HILL. Mr. Chairman, I ask unanimous consent to reduce the amount in my amendment by \$200,000.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to modify his amendment. Is there objection? There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Page 9, line 23, strike out the figures "\$900,000" and insert in lieu thereof the figures "\$1,546,709."

Mr. SNYDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not certain whether the amount carried in this paragraph is sufficient to train 11,000 reserve officers or not. I sincerely hope that it is. My judgment in regard to this matter is that we should provide sufficient money to train every reserve officer who desires to be trained. I think that is money well spent. There is nothing that we can do in this country that will do so much in preparedness for war as to have a well-organized and trained body of officers, and you can not do that, you can not keep the morale of the officers who desire to be trained to a proper standard, unless you give the officers the training that they are entitled to and need. I think it is fair to assume that the propaganda we have been hearing about on this matter is a fair and honorable propaganda. It is brought to us on the part of the men themselves.

There is no question but what we are penny-wise and pound-foolish unless we provide sufficient money to train all of the officers who desire to be trained.

Mr. STAFFORD. Will the gentleman permit?

Mr. SNYDER. I will yield to the gentleman.

Mr. STAFFORD. Of the sum total appropriated last year there is to-day remaining \$381,000 unexpended.

Mr. SNYDER. That may be true.

Mr. STAFFORD. If the officers were not trained it was not due to lack of appropriation by Congress.

Mr. SNYDER. That may be so. It may be that last year arrangements could not be made so quickly to take care of the great number of reserve officers we found in the Reserve Corps, but there can not be any question about that now, and if the managers of our Army down here are not keeping in step with this situation it is not the fault of the reserve officers. They should take the money we provide for that purpose and put themselves in a position to use it, and if they do not do it they ought to be reprimanded for it. Everyone in this House knows that I have always been an advocate of preparedness. The first thing I did when I came into this House eight years ago was to drop a bill into the basket authorizing the expenditure of a half billion dollars to be divided equally between the Army and the Navy for the purpose of preparing the country for war that was imminent at that time, and if that had been done and the money had been expended for the necessities of war this country would have saved a few years later more than a billion dollars in the purchase of the same items.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mr. CHINDBLOM. Is it known how many officers will want training during the next year?

Mr. SNYDER. My understanding is that 17,000 have applied for training now.

Mr. CHINDBLOM. Is that the information of the committee?

Mr. ANTHONY. I do not think that 17,000 have directly applied, but a questionnaire has been sent out and they have endeavored to recruit the number of officers for training purposes, and either 17,000 or 19,000 have indicated their desire to be trained.

Mr. CHINDBLOM. What does the committee propose to do with the seven or eight thousand not covered by the appropriation?

Mr. ANTHONY. We think they can well wait another year to get their training, and that in training 11,000 it is a very good start.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman permit me to pursue the inquiry a little further?

Mr. SNYDER. Yes.

Mr. CHINDBLOM. How long since those seven or eight thousand men have had any training?

Mr. ANTHONY. I presume most of them got their training during the war, but 2,900 have come in during the last year,

fresh from the schools and colleges, graduates of the Reserve Officers' Training Corps training. I do not think there is any necessity for training these men every year.

Mr. CHINDBLOM. That is not the purpose of my inquiry. I am trying to find out whether there are seven or eight thousand men who want training and have not had it since the war.

Mr. ANTHONY. I do not think there are seven or eight thousand men who are clamoring for training.

Mr. SNYDER. Mr. Chairman, I have great confidence in the ability of the distinguished chairman of this subcommittee. I have no doubt that he has made a careful study of this proposition, but it seems to me there is no activity of the Army wherein we can get so much for so little as we can by keeping our reserve officers trained as they should be for service, and I think we ought to provide every year to give training to not only those who are desirous of having training but as many more as this Congress believes should be trained, so that they may be in a position to train troops at any time they might be called upon to do so. I am in favor of the amendment of the gentleman from Maryland [Mr. HILL] unless it can be shown that sufficient money is provided here for the purpose of training all officers who decide to be trained this year.

Mr. DOWELL. Mr. Chairman, I heartily agree with the gentleman from New York [Mr. SNYDER]. According to the statement made by the chairman of the committee, there will be at least eight or nine thousand of these reserve officers who can not be trained and who have received no training since they went out of the service. If we are to take advantage of the opportunity we now have of keeping these reserve officers in training, we should give them an opportunity each year to continue the work. If they have the opportunity now, they will take advantage of it and do this work. If you postpone it for four or five years, it may be possible they may lose interest in it and you will not get their service.

I want to say a word about the statement of the chairman of the subcommittee relative to this propaganda. This is not propaganda. As stated by the gentleman from New York [Mr. SNYDER], it is an honest desire on the part of these reserve officers to take their training every year and to keep abreast of the latest there is in military matters.

As suggested by the gentleman from New York, I believe we will make a mistake if we refuse to give these officers the opportunity to continue this training. It has now been more than three years since some of them have had this training, and at least 9,000 of them can not have any training this year. My judgment is that you can multiply that 9,000 several times and still be within the limit of those who desire to continue the training. I am heartily in favor of the amendment suggested by the gentleman from Maryland, and I believe if these officers are willing to devote their time to the interest of the Government we can afford to pay their expenses in order to keep these reserve officers well trained.

Mr. ANTHONY. Mr. Chairman, I want the House to know and understand the liberal spirit with which the committee has treated the growth of these requests for training activities outside of the Regular Army. In the year 1916 there was appropriated the sum of \$4,000,000 all told for training camps, reserves, Reserve Officers' Training Corps, and training in the National Guard. During last year there was appropriated \$35,895,000 for this purpose. This year the amount will be greater, so that it is a continual growth and augmentation of these activities, and we must not complain of the increased cost in this bill if we allow these expenses to expand beyond a reasonable amount each year. The committee has endeavored to meet this growing demand for training in a reasonable way. It does not believe that the matter should be allowed to get entirely out of control.

Mr. PARKER of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. ANTHONY. Yes.

Mr. PARKER of New Jersey. As I look through the list of Officers' Reserve Corps, enlisted reserve corps, divisional and regimental headquarters, camp maintenance, reserve officers' training camp, ordnance stores, military supplies, and civilian military training camps I find there is a total in the Budget estimate of \$10,200,759. That has been reduced by the committee to \$7,140,220. The committee seems to have taken off a third from almost every item, and from the Officers' Reserve Corps the allowance is reduced from the Budget estimate of \$1,746,709 to \$1,100,000.

Mr. ANTHONY. That is correct.

Mr. PARKER of New Jersey. It seems to me the committee has been much less liberal than the Budget.

Mr. ANTHONY. That is true. We have pruned the figures of the Budget.

Mr. PARKER of New Jersey. I should think the committee has.

Mr. ANTHONY. On this question of the reserve officers the Army wants to train 15,000; and the committee thinks that 11,000, 100 per cent more than were trained this year, will be sufficient.

Mr. BLANTON. Will the gentleman yield?

Mr. ANTHONY. I will yield.

Mr. BLANTON. Has Camp Des Moines, Iowa, been short-potted or mistreated in any way by the committee?

Mr. ANTHONY. I think not. There is no specific appropriation for the camp, but I understand there will be another reserve officers' camp at Des Moines, Iowa, this coming summer.

Mr. SNYDER. Will the gentleman yield?

Mr. ANTHONY. I will.

Mr. SNYDER. It was stated, I think, by the gentleman that only slightly over 5,000 officers were trained last year?

Mr. ANTHONY. A little less than that. There is \$318,000 of the appropriation unused.

Mr. SNYDER. But from now until next July the balance will be used up or could be used? Does the gentleman know whether all the officers who desired to be trained last year were trained or not?

Mr. ANTHONY. No; it was a new activity, and undoubtedly they did not train all the officers who desired to be trained.

Mr. SNYDER. I recall during the periods of 1916 and 1917, when we were getting ready to go to war, we fellows who were in favor of preparedness met up with this same sort of proposition in regard to things that ought to have been done to get us ready for war. Now, I do not see any war on the horizon at the present time, but I think this is the cheapest way we can go ahead and prepare for war.

Mr. ANTHONY. Does the gentleman from New York realize that with the appropriation in this bill the Regular Army during the coming summer will have about 250,000 men on its hands to train, including the National Guard; and there will be tremendous training activities going on in this country, more men under arms than ever before in the history of the country? Now, do not let us overdo it.

Mr. SNYDER. That sounds well; but when we get back home and see how difficult it is to get these fellows in the Army to train, and everything, I fear there is going to be less than 250,000 this year under proper training.

Mr. ANTHONY. The money is here for them.

Mr. SNYDER. Unless they are encouraged to do it by reasonable treatment on the part of the Military Committee. Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. ANTHONY. I will.

Mr. NEWTON of Minnesota. How does this appropriation compare with the request made of the subcommittee?

Mr. ANTHONY. The Budget estimate, as I have stated, provided training for about 15,000 and this appropriation we make will train about 11,000.

Mr. HILL. The difference in amount between my amendment and that carried in the bill is \$646,709.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUSTED. Mr. Chairman, I move to strike out the last two words for the purpose of asking the gentleman a question. I would like to ask the chairman if he does not think it would tend to discourage men from entering the Officers' Reserve Corps and remaining in the Officers' Reserve Corps if we do not make reasonable provision for the training of those officers who want training and whom the War Department say they have the facilities to train? If men enter the reserve corps and want training, men who are really interested and want to become efficient officers, and they are told by the War Department they can take care of, say, 17,000 officers, and you make provision for only 11,000, does not the gentleman think these officers will be rather discouraged? Desirable men will not want to stay in and other men will not want to come in. They will realize they can not be trained in the reserve corps. They may be willing to accept the situation if they are convinced that the Army can not assimilate them rapidly enough to furnish training for all who want it, but if they are told by the Army that they can take care of them and Congress refuses to make the necessary appropriation, it seems to me it would have the tendency to discourage them and to weaken interest in the Officers' Reserve Corps.

Mr. ANTHONY. I think the gentleman hit the nail on the head when he said "reasonable provision," and that is what the committee has tried to do.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

Mr. CHINDBLOM. Mr. Chairman, may we have the amendment again reported? Was the amendment changed?

The amendment was again reported.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chair announced the ayes seemed to have it.

On a division (demanded by Mr. ANTHONY) there were—ayes 27, noes 33.

Mr. DOWELL. Mr. Chairman, I ask for tellers.

Tellers were ordered.

On the vote by tellers, Mr. DOWELL and Mr. HILL reported there were—ayes 29, noes 58.

So the amendment was rejected.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate by Mr. Crockett, one of its clerks, announced that the Senate had insisted upon its amendments to the bill (H. R. 13593) making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. TOWNSEND, Mr. STERLING, Mr. MCKELLAR, and Mr. HARRIS as the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment the bill (H. R. 13511) granting the consent of Congress to the city of St. Paul, Minn., to construct a bridge across the Mississippi River.

WAR DEPARTMENT APPROPRIATION BILL.

The committee resumed its session.

The Clerk read as follows:

RESERVE OFFICERS' TRAINING CORPS.

For the procurement, maintenance, and issue, under such regulations as may be prescribed by the Secretary of War, to institutions at which one or more units of the Reserve Officers' Training Corps are maintained, of such public animals, means of transportation, supplies, tentage, equipment, and uniforms as he may deem necessary, and to forage at the expense of the United States public animals so issued, and to pay commutation in lieu of uniforms at a rate to be fixed annually by the Secretary of War; for transporting said animals and other authorized supplies and equipment from place of issue to the several institutions and training camps and return of same to place of issue when necessary; for the establishment and maintenance of camps for the further practical instruction of the members of the Reserve Officers' Training Corps, and for transporting members of such corps to and from such camps, and to subsist them while traveling to and from such camps and while remaining therein, so far as appropriations will permit; or in lieu of transporting them to and from such camps and subsisting them while en route to pay them travel allowance at the rate of 5 cents per mile for the distance by the shortest usually traveled route from the places from which they are authorized to proceed to the camp and for the return travel thereto, and to pay the return travel pay in advance of the actual performance of the travel; for pay for students attending advanced camps at the rate prescribed for soldiers of the seventh grade of the Regular Army; for the payment of commutation of subsistence to members of the senior division of the Reserve Officers' Training Corps, at a rate not exceeding the cost of the garrison ration prescribed for the Army, as authorized in the act approved June 3, 1916, as amended by the act approved June 4, 1920, \$3,250,000, to remain available until December 31, 1924: *Provided*, That uniforms and other equipment or material issued to the Reserve Officers' Training Corps in accordance with law shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue, in so far as said stocks are in excess of actual requirements of the Regular Army for the fiscal year 1924: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or material furnished to the Reserve Officers' Training Corps from stocks under the control of the War Department be in excess of the price current at the time the issue is made: *Provided further*, That none of the funds appropriated in this act shall be used for the organization or maintenance of additional mounted, motor transport, tank, or air units in the Reserve Officers' Training Corps: *Provided further*, That not to exceed \$10,000 of the total appropriated by this act may be expended for the transportation of authorized Reserve Officers' Training Corps students who may be competitors in the national rifle match, and to subsist them while traveling to and from said match and while remaining thereat.

Mr. HILL. Mr. Chairman, I move to strike out the last word. The appropriation contained in this section for the Reserve Officers' Training Corps is \$3,250,000. I would like to ask the chairman how many that will train under the plan submitted?

Mr. ANTHONY. This is an appropriation to take care of training in schools and colleges; and the figures show that during the current year there were 103,999 in training, of which 9,796 were in the advanced course.

It is estimated that there will be 110,000 in training during the next fiscal year; and this appropriation will take care of that number, because we provide for the use of reserve stocks of the Army in addition to these appropriations.

Mr. HILL. This takes care of what are known as the "red, white, and blue" courses, does it not?

Mr. ANTHONY. No. You have civilian military training in your mind. It is for schools and colleges entirely, and for the summer training camps of those who are being trained in schools and colleges.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

CIVILIAN MILITARY TRAINING CAMPS.

For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47-d of the national defense act of June 3, 1916, as amended by the act of June 4, 1920, uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, and transportation, or in lieu of such transportation and of subsistence for travel to and from camps, travel allowances at 5 cents per mile, as prescribed in said section 47-d; for such expenditures as are authorized by said section 47-d as may be necessary for the establishment and maintenance of said camps, \$2,000,000, together with the unexpended balance of the appropriation for this purpose for the fiscal year 1923, to remain available until December 31, 1924: *Provided*, That the funds herein appropriated shall not be used for the training of any person who is over 27 years of age: *Provided further*, That uniforms and other equipment or material furnished in accordance with law for use at civilian military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue, in so far as said stocks are in excess of actual requirements of the Regular Army for the fiscal year 1924: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or material furnished in accordance with law for use at civilian military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made.

Mr. HILL. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Maryland moves to strike out the last word.

Mr. HILL. This appropriates \$2,000,000 as against \$2,972,150 asked for, but the report of the committee states that in addition to the \$2,000,000 there is an unexpended balance from the appropriation for 1923. How much is that unexpended balance?

Mr. ANTHONY. There is an unexpended balance from the current year's appropriation of approximately \$500,000, which the committee makes available for use next year in addition to this \$2,000,000 appropriation; and in addition to that we give them authority to use the surplus and reserve stocks of the War Department, so that there is approximately \$3,000,000 available.

Mr. HILL. So that this item is really more than the department asked for, or is it practically the same?

Mr. ANTHONY. The department asked for \$2,972,150. It is simply a question of how much they will get out of the surplus and reserve.

Mr. HILL. But you do give them about \$500,000 of an unexpended balance, which makes approximately \$2,500,000 without the reserve stocks?

Mr. ANTHONY. Yes; and it is our understanding that the department will use it in preparing the camps this year in anticipation of the summer work.

Mr. HILL. Mr. Chairman, I withdraw the pro forma amendment.

The CHAIRMAN. The pro forma amendment is withdrawn.

The Clerk read as follows:

FINANCE DEPARTMENT.
PAY, ETC., OF THE ARMY.

Pay of officers: For pay of officers of the line and staff, \$31,214,358.

Mr. HULL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 16, line 9, after the figures "\$31,214,358," insert: "*Provided*, That no part of the money herein appropriated shall be used to pay for the allowance or subsistence of any captain promoted after the passage of this act in the Army until all first lieutenants in the Army otherwise eligible who were demoted from the grade of captain under the provisions of the act of Congress approved June 30, 1922, as amended by the act of September 14, 1922, shall be promoted to the grade of captain in advance of officers who were serving in the grade of first lieutenant on June 30, 1920, notwithstanding the names of some of those demoted captains are carried on the promotion list below the names of some first lieutenants."

Mr. HICKS. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from New York reserves the point of order on the amendment.

Mr. HULL. Mr. Chairman, I do not think it is necessary to argue the point of order. I am sure that this amendment comes within the Holman rule. It is a limitation and will save money.

I want to say, however, that that is not the main object of the amendment. The real object of this amendment is to do

an act of justice to about 200 officers who have been demoted. It comes about in this way: In 1920 we passed the Army reorganization act, and, due to that act, they reorganized the Army and placed certain men in certain grades and with compensating rank. We permitted them to place men who had had World War experience as they saw fit, according to the efficiency that those officers had shown during the war. Now they took a great number of National Guard officers and others and placed them above some who had had longer service records. It was due to their actual efficiency as officers, as demonstrated in the World War. I am sure you will all agree that this was wise.

Now, we passed later on a single list line of promotion. It is a very complicated affair. I believe that it is a good piece of legislation. It was designed to do away with the jealousy between the different corps in the Army, and all the Army officers were placed on a single list line of promotion. Now, when they placed them there they placed them according to length of service. Some who were captains in the Army at that time were placed below certain first lieutenants. Afterwards we passed what was known as the Anthony bill, which called for demotions, and they had to demote some of these captains.

Now, when they demoted these captains to first lieutenants they were on the single list, and in some 200 cases, as I understand it, they were placed below men who had never been a captain. Now, unless you adopt an amendment like this, this will happen in the Army: Some who have never been captains will be promoted to captains before those captains who have been demoted have been restored to the rank they held. I am sure all gentlemen will admit that this is a rank injustice.

Mr. MACGREGOR. Mr. Chairman, will the gentleman yield?

Mr. HULL. Yes.

Mr. MACGREGOR. Is this amendment introduced for the purpose of preventing maladministration in the War Department?

Mr. HULL. No. It is to remedy a condition that was not contemplated when the original acts were passed. I do not think that anyone can blame the Committee on Military Affairs or the Committee on Appropriations or the War Department. It is just one of those things that happen, an actual injustice that should be corrected by a piece of legislation like this. And I want to say that this will save money, but I am not asking it on account of the saving of money. I am asking it simply as an act of justice.

Mr. KINDRED. Mr. Chairman, will the gentleman yield?

Mr. HULL. Yes.

Mr. KINDRED. I am in favor of the gentleman's proposal, but does not the gentleman think this would be a good time to rearrange and do justice to other classes in addition to the classes he has mentioned wherein injustice has occurred along the same lines?

Mr. HULL. I will vote for any amendment that the gentleman will propose that will correct an act of injustice if it is not within a point of order. But I have given up the idea of the possibility of correcting in a million years all the injustices that have been committed in time of war.

Mr. KINDRED. Then the gentleman is not an optimist?

Mr. HULL. Not as to correcting injustices done in war. War is always wrong and unjust.

Mr. McKENZIE. Mr. Chairman, I desire to discuss the amendment offered by the gentleman from Iowa.

The CHAIRMAN. There is a point of order reserved. Without objection, the gentleman from Illinois will be recognized for five minutes.

Mr. McKENZIE. Gentlemen of the committee, this is a rather important proposition, and one that has in it a very great deal of justice to a certain class of Army officers. The gentleman from Iowa [Mr. HULL] was a little mistaken when he said all of the officers in the Army were put upon the single list. That is not correct so far as the chaplains and the medical officers are concerned, but the officers of the other organizations were placed upon the single list, and they were placed in the order of their length of service, time being the measure by which they were placed upon that single list.

Mr. BRIGGS. Will the gentleman yield?

Mr. McKENZIE. I yield to the gentleman from Texas.

Mr. BRIGGS. When they were placed on the single promotion list according to length of service, that was irrespective of the branch of the service, too, was it not?

Mr. McKENZIE. Oh, yes. When the Anthony amendment was adopted, requiring the elimination from the commissioned personnel of the Army of a certain number of officers and the demotion of others in order to bring the number within 12,000,

it was found necessary to demote a great many captains. Their commissions as captains were surrendered, and they were commissioned as first lieutenants, and they now find themselves in the grade of first lieutenants. But there was a provision attached to that which provided that their pay should not be reduced, and under the pay bill the grade does not control the pay of an Army officer, but the length of service now controls.

The only point really involved in this matter is that when a vacancy occurs in the grade of captain under the law the senior first lieutenant moves into that vacancy. I do not know how the gentleman has his amendment prepared, whether he has the language just as it should be or not, but the purpose of it is to promote one of these men now serving as first lieutenants who was demoted from the grade of captain, and that they shall proceed along that line until all of these officers now serving as first lieutenants and who were formerly captains shall be promoted into the grade of captain over the officers who are serving in the grade of first lieutenant. That is all there is to this amendment.

Mr. BLACK. Will the gentleman yield for one question?

Mr. McKENZIE. I yield to the gentleman from Texas.

Mr. BLACK. I wish to see if I understand the principle of the single list correctly. Suppose a man is serving as captain in the Cavalry and he dies and a vacancy is created by reason of his death. Would a man who is serving in the Infantry be promoted to fill that vacancy?

Mr. McKENZIE. My good friend from Texas is thinking of days long since gone by, when officers were commissioned in the Artillery or the Cavalry or the Infantry. Now they are commissioned in the Army of the United States and detailed to these various branches.

Mr. BLACK. I know, but a man who had served in the Cavalry might have a special qualification for that service. I understand that under this proposition they might take a man out of the Infantry or take him out of the Quartermaster's Department and commission him to fill that vacancy caused by the death of a captain in the Cavalry.

Mr. McKENZIE. No; it means this, that if a captain who has served in the Cavalry dies, that makes a vacancy in the grade of captain, and the senior first lieutenant will move up into that grade.

Mr. BLACK. Regardless of what branch he has been serving in?

Mr. McKENZIE. Regardless of the branch.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. McLAUGHLIN of Michigan. Let me see if I understand it. There are some men now holding commissions as first lieutenants who were formerly captains?

Mr. McKENZIE. Yes.

Mr. McLAUGHLIN of Michigan. When they were given the rank of captains originally they were selected on account of merit?

Mr. McKENZIE. That is the understanding.

Mr. McLAUGHLIN of Michigan. And then it was found necessary to demote them after the war?

Mr. McKENZIE. Under the Anthony amendment.

Mr. McLAUGHLIN of Michigan. Now, in filling these vacancies the idea is to take these men who have shown their ability and capacity to be captains, who have earned their standing by merit, instead of promoting over them or instead of them some first lieutenants who have never shown any capacity?

Mr. McKENZIE. Yes. I will simply say to the gentleman from Michigan that there has been a proposal made to reinstate those captains, but to carry them on a single list of their own as surplus captains. You will remember that the legislation that we enacted on the appropriation bill provided for the arrangement of the officers in all of the grades within 12,000. Now, if we should put these men in as captains, we would have more captains than are provided for in the law, but the proposition has been made that they be carried as surplus. That would increase the expense of the Government; but the plan suggested by the gentleman from Iowa [Mr. HULL] simply provides that as vacancies occur in the grade of captain, those captains who are now serving as first lieutenants, having been demoted from the grade of captain, shall have the first right to promotion into the vacancies as captains.

Mr. GARRETT of Texas. Will the gentleman yield?

Mr. McKENZIE. I yield to the gentleman from Texas.

Mr. GARRETT of Texas. As I understand, those captains who were demoted are now drawing the pay of captains?

Mr. McKENZIE. Yes.

Mr. GARRETT of Texas. And this does not change their pay, but simply puts them back to their former status and rank?

Mr. McKENZIE. That is it.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HICKS. Mr. Chairman, in regard to the point of order which I reserved, I want to make this statement, with the Chair's permission: I have no comment to make on the merits of the proposition, but will address myself to the point of order. I sincerely believe that we are making a mistake in the committee and in the House by repeatedly incorporating legislation on appropriation bills. I think we should curtail the power of the Committee on Appropriations rather than enlarge it; decrease rather than increase the practice which has been growing of placing legislation on appropriation bills in the guise of limitations or as direct legislative enactments. I grant that the effort to incorporate legislative provisions upon these bills when made from the floor by Members not members of the Appropriations Committee is not so distasteful as when the effort is inaugurated by the committee itself, but in either case it is unwise, in my opinion, and contrary to our practice and procedure.

In my judgment, this amendment is clearly subject to a point of order. I do not think it can be shown, as argued by its sponsor, that it makes on its face such a saving to the Federal Treasury as to bring it within the protection of the Holman rule. I think the amendment, by including directions for the conduct of officers, makes it not a limitation as such, but legislation and therefore repugnant to the rule. According to section 3854, of volume 4, Hinds, a proposition to establish affirmative directions for an executive officer constitutes legislation and is not in order on a general appropriation bill. My own feeling is that the time has come when we should look with disfavor upon these provisions which propose in reality legislation in substance, if not in form, on appropriation bills. If I were voicing my own sentiments merely, in view of my personal feeling and in line with decisions of the Chair, I would make a point of order against the amendment, but my friends on the great Military Committee who have studied the needs of this proposition have convinced me that it is absolutely essential, and, therefore, I am going to be inconsistent, and instead of making the point of order, which I think should be made, I make a protest instead. In view of the persuasive appeal of my friends and in deference to their knowledge of the necessity of this amendment, I withdraw the reservation of the point of order.

Mr. ANTHONY. Mr. Chairman, the committee has no objection to the amendment that has just been offered. I would like, however, to have the House understand that this legislation comes from outside the committee, and if the gentlemen who offer it desire to use this appropriation bill as a vehicle for what I consider is a meritorious amendment I am glad to accept it. [Applause.]

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 16, line 9, after the figures "\$31,214,358," strike out the period and insert a colon and add the following: "Provided, That no part of this appropriation shall be expended to pay any officer who in peace time permits any man under 21 years of age to be enlisted without the parents' knowledge or consent."

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I reserve a point of order to that. This amendment can not be placed in the bill at the point suggested, because there has been another amendment adopted at that place.

Mr. BLANTON. My amendment should come in after the other amendment.

Mr. ANTHONY. Mr. Chairman, I reserve a point of order. May we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again reported the amendment, as follows:

Page 16, line 9, after the last amendment, strike out the period, insert a colon, and add the following: "Provided, That no part of this appropriation shall be expended to pay any officer who in peace time permits any man under 21 years of age to be enlisted without the parents' knowledge and consent."

The CHAIRMAN. The gentleman from Michigan and the gentleman from Kansas reserve points of order. The Chair will hear the gentleman from Kansas on the point of order.

Mr. ANTHONY. Mr. Chairman, it is my opinion that the amendment is a limitation.

Mr. BLANTON. It is clearly a limitation, and it would be in order if it were not.

The CHAIRMAN. Does the gentleman from Kansas withdraw his reservation of a point of order?

Mr. ANTHONY. I do.

Mr. BLANTON. Mr. Chairman, I started this fight some time ago with my friend from New York [Mr. Hicks] against enlisting men under 21 years of age against the consent of their parents, and I think we ought to carry the fight on to a finish. There is hardly a week passes that I do not get a communication from some parent objecting to their minor son being in the service. In war time the Government has the right, if they are needed, if the Government exhausts the man power and needs the minor, it has a right to take my minor boy or yours, but in peace time the Government ought not to have that right. I do not know of any State that denies to the mother and father of the youth of this land the supervision of their boy until he is 21 years of age. I think every State gives that right to the parents. Every State gives to the parents the right of the service of their sons until they are 21 years of age, and yet in peace time we let the Army officers go into the homes of our constituents and enlist their boys under 21 years of age continually without the knowledge and consent of the parents.

The parents are holding us responsible and they ought to hold us responsible. I know the present law permits the Army and Navy to enlist boys 18 years of age, but they enlist them under 18 years of age. I had that question up here with the distinguished gentleman from New York [Mr. Hicks] some weeks ago over a boy who had been enlisted at the age of 15 years, and his parents had tried for months to get him out without success. After I had those several colloquies with my friend from New York here on the floor, I am thankful to say that within the last two weeks they have sent the young boy Bradshaw home, and he is at home now with an honorable discharge.

Mr. KINDRED. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. KINDRED. Has the gentleman had within recent times any great deal of trouble in securing the release of boys who have gone into the Navy who have lied about their ages?

Mr. BLANTON. That is an unkind reference to these boys by the gentleman from New York. If the gentleman knew some of the mothers that I know he would not make that statement. Here is what happens. A slick-tongued recruiting officer goes to your or my home town. He has all sorts of advertisements about the sea and the world that appeal to the unsophisticated country boy 15, 16, 17, or 18 years of age. By the blandishments of this recruiting officer he is persuaded to enlist. When the boy goes to enlist he reads down the paper and note, "This says that I am swearing that I am 18 years of age." "Oh, that is all right," says the recruiting officer, "go on and sign." That has happened in many cases, and so far as the oath is concerned, there is no oath administered lots of times. There is no oath administered to impress the boy that he is swearing to a lie. He does not realize that he is swearing to a lie. He is imposed upon. He wants to see the world and goes and enlists, and his mother later appeals to the officers—if it is the Navy, to the Bureau of Navigation—to discharge him, and the bureau says your boy swore to a lie, we probably will have to take action against him, and intimates that he may be tried and given a dishonorable discharge.

Mr. KINDRED. May I suggest that I have had a number of cases where I am much concerned to secure the release, and I have found the Government in recent times has been very desirous to comply with the wishes of the dependent parents.

Mr. BLANTON. Not on the question of dependency, but if you can show that they are under 18 years of age and you get up here and fight, as I did, you can get them released finally; but suppose they are over 18 years of age, what is the fact then? Just this morning I received a letter from a farmer in my district. He owns a little farm and he owes a debt upon it. He can barely make a living. His main dependence was a boy just over 18 years of age. The boy enlisted not long ago, and now he wants that boy.

Mr. SNYDER. Does the boy want to get out?

Mr. BLANTON. Yes; the boy wants to get out, since now he finds out that the glamour of travel is gone. I can not get that boy out, because the man can not make the proper affidavit of dependency. I have just written him to say that his boy can not be gotten out, because the father is not dependent upon him in the sense the Army requires he should be, in that he has a farm—although he owes debts upon it, he is not dependent on this boy entirely for his support—notwithstanding he is a youth only 18 years of age. I want to reach just such cases as that.

Mr. KINDRED. May I ask if the department has not been liberal in its construction of those conditions?

Mr. BLANTON. It has stood on the letter of the law in many cases.

Mr. KINDRED. I have found it has not.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. ROSE. I would like to bring to the attention of the gentleman for what it is worth a case of the kind that he has been describing. I know of a woman at home who has three sons. All entered the Army. She asked me to get her son released. I found the boy was just 17 years of age. I sent for the boy and I told him that he had made an affidavit that he was 18 years of age. He told me that he told the officer he was not 18, and he said the officer told him, "That is all right; we will take care of that."

Mr. BLANTON. Oh, that has happened, I dare say, in every district in the United States. There are hundreds of just such instances. If they are over 18 years of age you can not get them out in most cases unless the parents are absolutely dependent upon them. Therefore, my amendment reaches just such cases. It provides that if they want to enlist boys under 21 years of age they must get the consent of their parents first, and if their parents are willing, well and good. Lots of parents are willing to have their boys go in. That is all right, but unless their mothers and fathers are willing to have those minor boys go into the service they ought not to be taken by the Government in time of peace, and that is as far as my amendment goes. What excuse are we going to offer our constituents at home for not stopping this? My amendment will stop it. Why not adopt it? When you go back home and some mother comes to you and asks you why you did not stop it, stating that you had an opportunity, what excuse are you going to offer for permitting the Army to take their minor boys without their knowledge and consent?

Mr. FOCHT. Is it correct that these recruiting sergeants get paid so much per head?

Mr. BLANTON. Oh, no. They used to, but they do not now; but the business of a recruiting sergeant is to recruit. He takes a pride in it. He wants to get the men for the Army and the Navy. He wants to get action; he wants to do like Congressmen do, take back the bacon.

Mr. KINDRED. Does it not add to the merit of his record?

Mr. BLANTON. Of course it does.

Mr. KINDRED. And to his probable promotion?

Mr. BLANTON. Of course it does. If he goes out and gets no men recruited, he comes back with a black eye, but when he comes back with a number of recruited men he gets a little better standing, because every time you increase the enlistment personnel it sort of pushes up some officer a little higher in rank. We ought to stop this. We ought to stop putting these young minors in the Army and the Navy against the knowledge and consent of their parents, and I hope my colleagues will help pass this limitation and let the Army understand that we do not want in peace time boys under 21 years of age taken in unless their parents are willing. If my amendment is not broad enough amend it, but it ought to be passed in this bill.

Mr. HUSTED. Mr. Chairman, I rise in opposition to the amendment. I have had a number of cases in my office of boys who have been enlisted under 18 years of age. I have never had the slightest trouble in securing a prompt dismissal, and I have not had a case where any deception was practiced by the enlistment officer. In all of these cases the boys represented themselves as being over 18 years of age, and, so far as I know, the enlisting officers believed the boys' statements. I do not think any Member of this House is having trouble at the present time in securing the prompt discharge of a boy from the Army or the Navy or the Marine Corps if it can be shown that the boy was under legal age at the time of enlistment.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes.

Mr. JONES of Texas. Would it not be just about as easy and efficient for the recruiting officer to require the proof at the time he enlists a boy, as at the time of dismissal? If you attempt to get one of these boys out, the Army requires a birth certificate or the affidavits of disinterested witnesses. Why

should not the enlisting officer require those things at the beginning and save all of this trouble?

Mr. HUSTED. I do not see any objection to that, but that is not covered by this amendment.

Mr. JONES of Texas. This would in effect reach the same thing, because they would either have to get the consent of the parents or the recruiting officer would have to satisfy himself that the boy is over 21 years of age. He would require this proof under this amendment. It would require a birth certificate or some very strong affidavits if the boy did not have the parents' consent.

Mr. HUSTED. This amendment goes a good deal further. The legal age at the present time is 18. This would raise the legal age from 18 to 21. Under the present law if a boy is under 18 years of age, he is absolutely entitled to dismissal on his own application or upon the application of a parent or guardian. If he is over 18 years of age he is not entitled to dismissal, and under the rules and regulations he can not secure dismissal unless the dependency of the parents upon the boy's services can be shown.

Mr. JONES of Texas. Let me make this suggestion in this connection. In practically every State in the Union, I take it, the parents are entitled to the boy's services and any earnings he may make until the boy is 21 years of age. During peace times does not the gentleman think that before the United States Government utilizes the services of these boys it should secure the consent of those who are entitled to these services?

Mr. HUSTED. I do not think that is necessary; but if it were necessary, this amendment should not be adopted in the form in which it has been drawn. It provides that no part of this appropriation shall be used to compensate any officer who permits the enlistment of a boy under 21 years of age without the consent of his parents. Now, it says "anyone" who permits enlistments. Does that apply solely to the enlistment officer, or to whom does it apply?

Mr. CLAGUE. If the gentleman will permit, I understood him to say that the gentleman had no trouble in getting boys under 17 years of age discharged. Did not they receive a dishonorable discharge?

Mr. HUSTED. No; they did not receive a dishonorable discharge.

Mr. JONES of Texas. He did not receive an honorable discharge. They received a discharge without honor.

Mr. HUSTED. Well, it does not say without honor; I think I am correct about it.

Mr. JONES of Texas. It is a blue discharge, which shows on its face it is not a discharge with honor.

Mr. HUSTED. Well, if a boy under 18 years of age is enticed to enlist in the Army I think he is entitled to a discharge without any implication, at least, of dishonor. I agree to that absolutely; but I am talking about the amendment before the committee and not the changes in substantive law or in the rules and regulations of the War Department and the Navy Department, which are not covered by this amendment. This amendment penalizes any officer who permits the enlistment of a boy under 21 years of age without his parents' consent. Now, that might be construed to apply to a great many more officers than the enlistment officer, and it will be penalizing him even though there is no wrongful intent upon the part of the enlistment or other officer.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUSTED. I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HUSTED. The amendment does not even provide that the officer must knowingly and willfully permit the boy to enlist. The officer may be absolutely innocent. A large boy may come and represent himself to be over 21 years of age, and the officer accept him. He believes him to be over 21 years of age, and yet under the provisions of this amendment he would be penalized. No part of this appropriation could be used to compensate an officer even though that officer was absolutely innocent and accepted that boy in good faith.

Mr. HILL. I would like to ask the gentleman if this is not the case: Might not the point be raised if this amendment were passed that any officer would have to prove they did not violate the law before he drew pay? That is a very possible ruling the comptroller might make.

Mr. HUSTED. I think that is a very possible ruling.

Mr. BLANTON. What would happen if this amendment is passed is they would quit enlisting minors. If we forbid any officer enlisting them, they would not enlist minors in peace times.

Mr. HUSTED. Well, I think it would be very unwise by an amendment of this kind to change the legal age of enlistment, an age which has existed in our law for many years. Now, there are many boys who have not any parents, or if they have parents do not know who their parents are, between 18 years of age and 21 years of age who might want to enter the Army, and who are big enough and strong enough to enter the Army, and the Army might be a very good place for them to enter under the circumstances of their lives; and yet under the provisions of this amendment these boys are absolutely barred from enlistment in the Army, because it provides that no boy under 21 years of age can be enlisted without the consent of his parents. I think that objection alone is enough to show the folly of an amendment of this kind.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that all debate upon the pending amendment and all amendments thereto close in eight minutes.

Mr. JONES of Texas. I would like to have some time.

Mr. STAFFORD. I will make it 18 minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that all debate on this amendment and all amendments thereto close in 18 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. STAFFORD. The gentleman from New York [Mr. KINDRED] desires three minutes.

Mr. KINDRED. Mr. Chairman, I desire to add in a very few words one or two thoughts to this discussion which are not original, but by way of emphasizing some matter which has already been brought out here. It is very desirable that the recruiting go on as rapidly and under as favorable circumstances as possible, but it does seem that there should be some limitation placed upon the present activities of the recruiting officers who do entice our boys by the allurements of travel, and so forth. It is known that many boys have enlisted under age whose parents would have objected to their enlistment and whose parents are entirely dependent upon the services of those boys. Now, I believe that the amendment in principle is good, but it should be altered and modified to read in the common form of such an amendment, to the effect that if such recruiting officer willfully does this act and entices the boy and causes him to enlist under age, some limitation should be placed upon the recruiting officer, and at the proper time I desire to offer an amendment to the amendment of the gentleman from Texas with such a qualification to his amendment, and with that qualification I believe that we can go on and make the amendment workable in the form which I propose and at the same time relieve the parents and ourselves of a great many unnecessary complications in this matter.

Mr. BLANTON. If the gentleman will permit, the amendment had to be drawn to make it not subject to the point of order. If I had placed in the matter of which the gentleman speaks it would have been subject to the point of order.

Mr. KINDRED. Let us have it out on that proposition.

Mr. BLANTON. It would be ruled out on a point of order.

Mr. KINDRED. Is the gentleman sure it would be ruled out?

Mr. BLANTON. I am sure.

Mr. CONNALLY of Texas. Mr. Chairman, I offer a substitute to the amendment of the gentleman from Texas.

The Clerk read as follows:

Mr. CONNALLY of Texas offers a substitute for the amendment offered by Mr. BLANTON: Page 16, at the end of the amendment previously adopted, insert "Provided, That no part of the funds herein appropriated shall be utilized for the recruiting or enlistment of boys under the age of 21 years without the written consent of the parents or guardians of such boys."

Mr. BLANTON. Mr. Chairman, I am willing to accept that, and I ask leave to withdraw my amendment.

The CHAIRMAN (Mr. MICHENER). The gentleman from Texas asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. CONNALLY of Texas. Mr. Chairman, is the time exhausted on this amendment?

The CHAIRMAN. No. By unanimous consent the time has been limited to 18 minutes, to be divided as follows: Three minutes to the gentleman from New York [Mr. KINDRED], five minutes to the gentleman from Iowa [Mr. DOWELL], five minutes to the gentleman from Wisconsin [Mr. STAFFORD], and five minutes to the gentleman from Texas [Mr. JONES]. The gentleman from Texas is recognized for five minutes.

Mr. JONES of Texas. Mr. Chairman, I desire to offer an amendment as a substitute at the end of that. Add this at the end of the Connally amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. JONES of Texas offers an amendment to the amendment offered by Mr. CONNALLY: At the end of the Connally amendment add the following: "or unless the applicant furnishes a birth certificate or the affidavit of two disinterested witnesses showing such applicant for enlistment to be 21 years of age."

Mr. JONES of Texas. Mr. Chairman, I do not care to take up much time, but the only objection that was offered during the argument to the amendment that has been under discussion has been the fact that there might be some boy who had no parent or guardian—some boy who desired to enter the Army—and that the officers might be deceived in some instances.

Now, this would take care of the boy who has no parent or guardian, and it would also protect the officer in this, that in all cases where there could be any possible doubt of the boy being 21 years of age he could either require the written consent of the parents, or if that were not obtainable, he could require the boy to produce a birth certificate showing that he is 21 years of age, or the affidavit of two disinterested witnesses who actually know the age of the boy. That would protect the officer. That is exactly what is required now before a discharge can be secured. Why not have that before you start in?

Mr. HUSTED. I think there is but one case that should be covered which is not covered. It does not cover the boy under 21 who has neither parent nor guardian. Now, if the amendment provided that no money should be used for enlistment purposes for the enlistment of boys under 21 without the consent of their parents or guardians, if any, that would cover the case; but I think your amendment should provide for the case of a boy who has no parent or guardian.

Mr. CONNALLY of Texas. Mr. Chairman, I accept that.

Mr. JONES of Texas. I think that is correct. I ask unanimous consent, Mr. Chairman, to insert those words "if any" after the words "parents or guardians." That is at the end of Mr. CONNALLY's amendment.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. CONNALLY of Texas: Page 16, at the end of the amendment previously adopted, insert: "Provided, That no part of the funds herein appropriated shall be utilized for the recruiting or enlistment of boys under the age of 21 years without the written consent of the parents or guardians, if any, of such boys."

The CHAIRMAN. Is there objection to the modification?

There was no objection.

Mr. JONES of Texas. Now, there is a further suggestion in connection with this matter: It is frequently more or less humiliating to the boy after he is in. He gets a discharge without honor. It is an expense to the Government. It is a trouble to the Government. All these things that are required by this amendment are required before you get the boy out. Why not take time by the forelock and require it before the boy enters the Army? I can not see how there can be a legitimate objection to the amendment as finally prepared.

Mr. Chairman, I reserve the balance of my time.

Mr. DOWELL. Mr. Chairman, the governor of my State has forwarded to me a copy of a letter received by him from the mother of a boy who has just been enlisted in the Navy. From the statement in the letter received from the governor and from the statement in a copy of the letter received from the mother of the boy it appears that the boy was taken from the high school and enlisted in the Navy without any knowledge whatever on the part of the mother. I want to ask the Clerk to read the copy of the letter of the mother, addressed to the governor of the State.

The CHAIRMAN. Without objection, the Clerk will read the letter.

The Clerk read as follows:

ADEL, IOWA, January 5, 1923.

HON. N. E. KENDALL,
Governor State of Iowa.

DEAR SIR: I am writing you in regard to my son, Raymond Marker. Thursday there was a Navy recruiting officer came to Adel and got my son with another boy to run away from home and enlist. Got the boy to go to the high-school superintendent and tell him a falsehood to get their age, and also got them to come to their own homes to take their insurance policy, not letting me know one thing about it. As soon as we found it out our sheriff called the recruiting station to find them. We asked them to hold the boy till we got there and the captain said he would do so, but instead he turned right around and sent the boy out on the 5.15 train, only giving us 40 minutes to make the trip in, and they were gone when we got there, and they only laughed and made fun of us. Does this Government approve of such work? I have been left alone with my family on my hands to support and I have did it by washing and daywork. Now I am sick and broke down when my boy was trying to help me along, then to have some officer come and do as he certainly has done surely can't be the ways our Government should do. Is there any way I can get

him out, as I sure need him, as you will find? I have lived right in this town and people here know. Would you please do what you can to help us get the boy? I will sure appreciate it more than I can tell.
His mother,

Mrs. MINNIE MARKER STEELE.

Mr. DOWELL. Mr. Chairman, after taking this matter up with the Navy Department I find that the Navy Department has approved the action of the recruiting officer. I read from the last paragraph of a letter which I received from the department this morning:

Before the bureau can consider the question of discharging young Marker it will be necessary that he present a written request by way of his immediate commanding officer with affidavits from disinterested person testifying as to the circumstances of the case.

And so forth.

Now, this case is just one of a kind that happens nearly every day, where these officers go to a town and take a boy and get him out of school and enlist him without his parents knowing anything about it. It is an outrage on the people of the country. [Applause.] And the higher officers here, instead of putting the heel down on the officer who perpetrates this thing apparently approve the action of the officer.

Mr. RANKIN. Mr. Chairman, the gentleman from Iowa [Mr. DOWELL] is a member of the party in power. Unless we are going to have a military government, where the military runs over the civil end of the Government, somebody on that side of the House, or somebody who is close to the administration, ought to take up that matter and see that this recruiting officer is dealt with. And if you can not handle him through the War Department, then we ought to go after the War Department. This is only one of thousands of cases like this.

Mr. DOWELL. I innocently assumed that all that would be necessary to do would be to take up with the department here the facts with reference to the conduct of this recruiting officer, and the matter would be instantly corrected. Now, I find the department here approved of the conduct of the recruiting officer, and the boy can get out only in the regular way.

Mr. KINDRED. Does the gentleman think it is unreasonable that the Navy Department, through the proper channels, makes the requirement that the gentleman has just indicated, in view of the fact that the boy has already sworn to a lie in order to get into the Navy?

Mr. DOWELL. Yes; but that boy was under the control of the officer who was trying to recruit him; and instead of going to the boy's mother, as he ought to have gone, he went to the school to get the age of the boy and found that he was over 18 and then took him away without his parents knowing anything about it.

Mr. KINDRED. Has not the gentleman found that uniformly the department has released these boys when that formula has been followed?

Mr. DOWELL. I am reading you exactly the reply I received from the Navy Department after they had received a copy of this letter. I take it, they do not intend to release him.

Mr. CONNALLY of Texas. Mr. Chairman, Congress and Congress alone is responsible for the situation presented by the gentleman from Iowa [Mr. DOWELL]. Congress is responsible for what happened out in Iowa, because heretofore we have permitted by law the enlistment of boys above the age of 18 without the consent of their parents. So the officer in the case mentioned by the gentleman from Iowa [Mr. DOWELL] did what the law authorized him to do, did what he had a right to do under the law; and if anybody is to blame for it, it is Congress. If you want to correct that situation, adopt the amendment which I have offered and tell the War Department that it shall not enlist any boy under 21 years of age without the written consent of his parent or guardian. [Applause.] We have recently reduced the size of the Army. We have no urgent need for a large military force, and I do not believe that the Army needs men so badly that the Congress should authorize recruiting officers to invade high schools in Iowa and drag recruits from the schoolroom and place them in some military camp, where they may acquire habits of idleness and spend their youth without the advantage of pursuing their studies. I do not believe that we need men so badly that we should go out on the farms and into other useful occupations where a boy is earning a livelihood or learning a trade and perhaps contributing to the support of his family and drag him off to a military camp against the protests and against the walls of their mothers and their fathers. If you will adopt my amendment, you will put a stop to it in the Army of the United States. [Applause.]

Mr. STAFFORD. Mr. Chairman, instances have been cited, and we are all acquainted with them, both in the Army and the Navy, where boys under 18 years of age have misrepresented their ages to recruiting officers and then some difficulty is en-

countered in securing their release. Of course, any young man under 18 years of age who enlists in either the Army or the Navy upon the misrepresentation of his age can secure an honorable discharge upon it being shown to the War Department, prior to his reaching the age of 18 years, that such misrepresentation was made.

Mr. FIELDS. Will the gentleman from Wisconsin yield?

Mr. STAFFORD. I yield to the ranking Democratic member of the Military Committee.

Mr. FIELDS. The boy does not secure an honorable discharge.

Mr. STAFFORD. I have just confirmed my impression by calling up the office of The Adjutant General, who states that such a boy receives an honorable discharge.

Mr. FIELDS. Regardless of any statement of the department, that is not the fact.

Mr. MICHENER. I can confirm the statement of the gentleman from Kentucky [Mr. FIELDS] that that is not the fact. That is, I have a case now pending.

Mr. HICKS. In the Navy Department they give the boy an honorable discharge.

Mr. STAFFORD. By adopting this amendment the House will virtually raise the age of enlistment from 18 to 21 years.

Mr. MICHENER. Will the gentleman yield?

Mr. STAFFORD. My time is limited. I have only five minutes. We have heard many protests here against legislation on appropriation bills. In this matter you are attempting to legislate without a committee having given any consideration to the proposition. Criticism has been lodged against the Appropriations Committee, which gives consideration in some degree at least to the legislation which it inserts in appropriation bills, but neither the Appropriations nor the Military Affairs Committee has given this proposal any consideration. There are numerous instances where young men who have left home in early childhood to make their own living and who are 19 or 20 years of age will not be able to enlist in the Army because of this drastic provision. If the gentleman would make it 18 years, of course, it would merely carry into effect the existing law. The argument of the gentleman from Texas [Mr. CONNALLY] is that you want to hamper the Government in its enlistment of young men. I remember when I was 19 or 20 years of age I was earning my own living. Why should I not have had the right to go and enlist if I were 19 years old and earning my own living as I was then? In some States the age of consent is 18. This is hastily considered legislation. The average age of the young men attending the citizens' military training camps is but 17 years. That is voluntary, and I assume with the approval of the parents of the boys. It is up to the House whether in a spell of enthusiasm and sentimentalism they want to adopt a provision which will practically change the age of enlistment. We have heard of a number of instances where boys have enlisted under the age of 18 by misrepresenting their ages. But that is not the question before the House—to make certain that boys under 18 should not be accepted. If you want to make difficult the enlistment of our young men in cases where there is no misrepresentation, go ahead and adopt this amendment. I am opposed to it because it has not been given the consideration that it deserves, and also because it virtually restricts voluntary enlistments of all persons under 21.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time has expired. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. JONES] to the amendment offered by the gentleman from Texas [Mr. CONNALLY].

Mr. ELLIS. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will report both amendments.

The Clerk again reported the amendment offered by Mr. CONNALLY of Texas and the amendment to the amendment offered by Mr. JONES of Texas.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were 42 ayes and 29 noes.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is now on the amendment of the gentleman from Texas [Mr. CONNALLY], as amended.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were 51 ayes and 26 noes.

So the amendment as amended was agreed to.

The Clerk read as follows:

For aviation increase to commissioned and warrant officers of the Army, \$950,000.

Mr. FIELDS. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the committee, I am gratified by the statement of the gentleman from Wisconsin [Mr. STAFFORD] that the War Department has just notified him that the department is now issuing an honorable discharge to the young men who have enlisted in the military service who are not of military age but who have been in the main enlisted through the influence of the recruiting officer.

Members of the House will recall that I have been fighting this proposition for a long time. I have fought it here when I did it with but little assistance. I have fought it not only here but in the department, and I am gratified to learn that the department has at last decided to grant an honorable discharge in cases of this character.

The gentleman from Texas [Mr. CONNALLY] well said a moment ago that many of the things that occur in the department, especially in regard to the enlistment of young men, are chargeable to Congress, and that is true. There is no other branch of the military service that touches the homes of the civil population as does the recruiting service of the Army. Just so long as Congress looks lightly upon the conduct of recruiting officers who continuously endeavor to exert their energies in recruiting into the service children under the legal age, just so long as Congress refuses to take any action upon that subject, and, moreover, when it is discussed here and Congress refuses to take action, these recruiting officers feel that they are licensed to continue their course.

I take this opportunity, now that the amendment has been adopted in Committee of the Whole, to express the hope that it will remain in the bill when it leaves this Chamber and that it will be retained in the bill by the conferees. And I want to give notice now, Mr. Chairman, that, having succeeded thus far, if the bill shall come back from conference with this proposition eliminated it will result in a further fight on the floor of the House. I believe that the conferees will fight to retain it in the bill in conference, and in the event that they fail to do so, I trust that the membership of the House will reject the conference report and send it back to conference with instructions to the conferees to rewrite it into the bill. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

Pay of enlisted men: For pay of enlisted men of the line and staff, not including the Philippine Scouts, \$53,494,207: *Provided*, That the total authorized number of enlisted men, not including the Philippine Scouts, shall be 125,000.

Mr. McKENZIE. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the committee, I rise at this time to say that the chairman of the Committee on Military Affairs, the Hon. JULIUS KAHN, is not physically able to be present during the consideration of this bill. He had intended to appear at this time and make a speech in general debate, but his health will not permit him to attend the sessions of the House. He asked me, as one of his colleagues on the committee, if I would not state to the House that he is still of the belief that Congress made a mistake in the cutting of the enlisted personnel of the Army down to 125,000 and cutting the commissioned personnel from 13,000 to 12,000. He said that he wanted me to state to the House that he did not favor a large standing army; and indeed I know that that is true, for my association with him on the committee has convinced me that he is not in favor of a large standing army. When the Secretary of War and General March and others appeared before the committee and asked us to give them an army of 525,000 men, or something over 500,000 men, Mr. KAHN opposed it and said that he favored an army of 175,000. He favors it now. He said that it was with much regret to him that with his long service on the committee and the study he has given matters of this character, realizing the condition of the world to-day when there are more armed men in Europe than ever before, our country should cut its military force down to the point where it now is, and that it gives him great concern. I told him that I would be very glad to make this statement to his colleagues in the House, and I am sure we all regret that he is not able to be here and speak for himself. [Applause.]

Mr. JONES of Texas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 16, line 18, strike out the figures "\$53,494,207" and insert "\$45,000,000." And in line 20 after the word "hundred," strike out the words "and twenty-five."

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, a year ago the House adopted as the enlisted force of the Army 115,000 men. The Senate, as I now recall, adopted an amendment providing for a force of 140,000 as a maximum, with an average strength of 130,000 men. In conference the limit was fixed at 125,000 men. That limit as carried in the existing law is recommended for adoption in the pending bill. That does not mean that there are 125,000 enlisted men at any one time in the year. It is impossible under the arrangement of enlistment to have that number. The maximum number as figured by the War Department is 95 per cent of the total enlisted strength, or 118,500. But the 118,500 men are not all enlisted men. Technically they are enlisted men, but that also includes all of the noncommissioned officers, and those noncommissioned officers in the various five grades numbered on October 31 last 28,970. On October 31 last the number of enlisted men proper was about 86,000 men, and all the others of the total enlisted strength of 114,800 were men in the noncommissioned-officer grade. So it will be seen that we are not even providing for an Army of 125,000 men. We had on October 31 last a skeleton Army of enlisted men of 86,000, and that is the lowest, in my opinion, that the Army can possibly have to act as a skeleton Army for the various activities of the Government.

We waged the fight as to the size of the Army and we waged it strongly in the committee of conference for three weeks. Never before in my legislative service here have I known of an appropriation bill being so long in conference as the Army appropriation bill last year. For three weeks, every day, morning and afternoon, your conferees were contending for a lower military personnel, and we won. The personnel of this House has not changed. The Constitution provides that we shall not provide for a Military Establishment for a longer period than two years. Your subcommittee accepted the action of the House, which was agreed upon as the policy at least for this Congress, and decided that we would not go into the discussion of a question of that kind this session.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CONNALLY of Texas. The only reason for my interrupting the gentleman is that he limited the time for debate to five minutes and then took it all himself.

Mr. STAFFORD. Oh, if the gentleman had asked, I should have been glad to give him 10 minutes or 5 minutes, or even an hour, because, for one, I like to hear the gentleman expatiate on any topic.

Mr. CONNALLY of Texas. Is it the gentleman's intention, in lines 18 and 19, to change the authorized strength of the Regular Army to 125,000 men instead of the number fixed in the defense act of 1920?

Mr. STAFFORD. The gentleman from Texas offered the amendment.

Mr. CONNALLY of Texas. Is the gentleman trying to modify the number of the enlisted strength of the Army?

Mr. STAFFORD. The gentleman's colleague, Mr. JONES of Texas, is attempting to change the fixed law determined upon in the War Department appropriation act of last year, that the Army should be 125,000.

Mr. CONNALLY of Texas. Is that permanent law?

Mr. STAFFORD. Yes.

Mr. CONNALLY of Texas. Then you changed the act of 1920?

Mr. STAFFORD. We did.

Mr. CONNALLY of Texas. What is the necessity for providing that the total authorized number shall be 125,000 men if that is already existing law? Why does the gentleman want to risk modifying it at this time?

Mr. STAFFORD. Because we do not know that the appropriation of \$53,494,000 might not be utilized some time during the year for a larger number than 125,000 men.

We have accepted the estimates of the department that that will be what is required to maintain an Army of 125,000 as carried in the law, but so there will be no question it is the intention of Congress to have only 125,000 as the enlisted strength of the Army we iterate the present strength.

Mr. CONNALLY of Texas. Then under the existing law the Army could not have over 125,000 enlisted men?

Mr. STAFFORD. It could not.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

For aviation increase to enlisted men of the Army, \$200,000: *Provided*, That this appropriation shall not be available for increased pay on flying status to more than 500 enlisted men.

Mr. HILL. Mr. Chairman, I offer the following amendment. The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 16, line 25, after the word "men," change the period to a colon and add the following: "*Provided further*, That hereafter the authorization for increase in flying pay, contained in section 13-A of the act of June 4, 1920, shall be construed to include warrant officers of the Army who may be ordered by proper authority to perform duty requiring them to participate regularly and frequently in aerial flights."

Mr. HICKS. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. Does the gentleman make the point of order?

Mr. HICKS. I reserve it.

Mr. HILL. Mr. Chairman, the provision of pay to men and warrant officers for aviation increase has already been passed by the committee. I am of the opinion that that covers the ground that this amendment of mine covers, but we know that the comptroller is very apt to raise questions that are not absolutely clear. Now, the purpose of this amendment is to provide increase aviation pay for those warrant officers, and I understand there are very few of them, and there are not more than 10 or a dozen who are entitled to it.

Mr. STAFFORD. Many more than that.

Mr. HILL. I would like to ask the gentleman, acting chairman of the committee, to tell us how many there are.

Mr. STAFFORD. The hearings show there are 1,040.

Mr. HILL. I would like to ask the gentleman if he thinks the amendment is already provided for in lines 12 and 13?

Mr. STAFFORD. Mr. Chairman, as to the question of the point of order, of course it is subject to the point of order. I may say for the benefit of the gentleman who reserved the point of order that in last year's bill no provision whatsoever was made to allow aviation increase to warrant officers. The aviation increase, which is 50 per cent, as the gentleman knows, only applies to enlisted men and commissioned officers. This year, for the first time, we have added to this item the pay not only for commissioned but also for warrant officers, and so far as this year is concerned warrant officers will be entitled to aviation increase. General Patrick, head of the Aviation Service, explained at some length showing that these warrant officers should not be denied the privileges extended to commissioned officers or to enlisted men. There are many instances where warrant officers should be entitled to the 50 per cent increase. The provision offered by the gentleman from Maryland was considered in committee and acted on favorably. It should be so that hereafter it would not be subject to the point of order, there being substantive provision of law authorizing it. In my opinion there should be no objection to warrant officers receiving the additional 50 per cent increase.

Mr. HICKS. Mr. Chairman, I am in great sympathy with the aviation officers and with aviation generally, as most members of the committee know. I believe in aviation and want to encourage its development in every way. My opposition to provisions in this bill is not founded on the merits of the proposed legislation, but on the fact that our procedure and our rules are being violated. I feel that if these warrant officers are taken care of for this year, as admitted by the gentleman from Wisconsin, we will not be doing them any injury if we throw this amendment out and then let the Military Committee bring in the proper legislative bill which should provide for these men for the future. On the ground that this amendment in using the word "hereafter" clearly indicates that it is legislation for the future, to operate beyond the life of this bill, I think it is subject to the point of order, and on that count I make the point of order.

Mr. SISSON. I think it is a limitation and it has been on the bill before.

The CHAIRMAN. The language of the amendment as it stands is clearly subject to the point of order. It provides for permanent legislation, and that is the purpose of it, and the Chair therefore sustains the point of order.

Mr. STAFFORD. Mr. Chairman, I reoffer the amendment with the word "hereafter" left out.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 16, line 25, after the word "men," change the period to a colon and add the following: "*Provided further*."

Mr. STAFFORD. I ask to have the amendment changed by striking out the word "further."

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 16, line 25, after the word "men," change the period to colon and add the following: "Provided, That the authorization for increase in flying pay contained in section 15-A of the act of June 4, 1920, shall be construed to include warrant officers of the Army who may be ordered by proper authority to perform duty requiring them to participate regularly and frequently in aerial flights."

Mr. HICKS. I reserve a point of order, and I would like to ask the gentleman from Wisconsin this question: What is the permanent law in reference to aviation pay, and so forth, as now provided for?

Mr. STAFFORD. The permanent law, as found in the Army reorganization act of June 4, 1920, provides for granting 50 per cent increase of pay to officers and enlisted men. It reads as follows:

Officers and enlisted men of the Army shall receive an increase of 50 per cent of their pay while on duty requiring them to participate regularly and frequently in aerial flights.

Then, in section 20 of the pay bill, which was passed at the last session of Congress, it is provided:

That all officers, warrant officers, and enlisted men of all branches of the Army, Navy, Marine Corps, and Coast Guard, when detailed to duty involving flying, shall receive the same increase of their pay and the same allowance for traveling expenses as are now authorized for the performance of like duties in the Army.

Mr. HICKS. Does this amendment change the old law?

Mr. STAFFORD. I am not in the chair. I am submitting it to meet the objections that have been made.

Mr. HICKS. If it does not change existing law, what is the object of the amendment?

Mr. STAFFORD. To make it clearer, providing for the pay of warrant officers, to make it clear that they shall be entitled to this 50 per cent increase.

Mr. HICKS. If the amendment changes existing law, it is legislation, and therefore contrary to our rule. If it does not change the law or attempts to interpret it, why advance the proposition? In other words, the amendment has for its purpose the interpretation of the law, which is obnoxious to our practice in the consideration of appropriation bills.

A provision proposing to construe existing law is in itself a proposition of legislation and therefore not in order on an appropriation bill. (Vol. 4, Hinds' Precedents, sec. 3936.)

I make the point of order that this is legislation on an appropriation bill.

The CHAIRMAN. The amendment heretofore had in it the word "hereafter," which made it permanent legislation. The amendment as modified is still subject to the point of order, because it changes existing law, and the Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

For pay of retired enlisted men, \$7,000,000.

Mr. LINEBERGER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LINEBERGER: Page 17, line 5, after the word "status," insert:

"That all persons who have served as officers of the United States Army during the World War other than officers of the Regular Army, and who have incurred physical disability in line of duty and who have heretofore or may hereafter be rated at not less than 30 per cent permanent disability by the Veterans' Bureau shall, upon application, be placed upon the retired list of the Army in the grade last held by them when in the service of the United States with the same privileges as now provided by law for officers of the Regular Army who have been retired for physical disability incurred in line of duty, and shall thereupon receive the retired pay provided by section 1274, Revised Statutes, computed on the pay provided for officers of the Regular Army in the pay readjustment act of June 10, 1922: *Provided*, That all pay and allowances to which such persons or officers may be entitled under the provisions of this law shall be paid solely out of the military and naval compensation appropriation fund of the Veterans' Bureau and shall be in lieu of the disability compensation benefits provided in the act creating the Veterans' Bureau and amendments thereto: *And provided further*, That such officers of the United States Army as shall have incurred disability of less than 30 per cent and more than 10 per cent permanent disability as may have been, or may hereafter be, rated by the Veterans' Bureau, shall, on application, be placed on the retired list of the Army under the same conditions as now provided by law for officers of the Regular Army who have incurred physical disability in line of duty but without retired pay and shall be entitled only to such compensation and other benefits as may now or hereafter be provided for by law.

"No person shall be entitled to benefits under the provisions of this act except he make application as hereinbefore provided within 12 months after the passage of this act."

Mr. STAFFORD. Mr. Chairman, I make a point of order on that amendment.

Mr. HICKS. Mr. Chairman, I am going to reserve a point of order on that amendment, and I do so in courtesy to my Los Angeles friend in order that the gentleman from California [Mr. LINEBERGER] can speak upon it. It seems to me so full of legislative provisions that there is no question but that it is subject to a point of order.

Mr. STAFFORD. I made the point of order, but at the request of the gentleman from California I will withhold it.

Mr. LINEBERGER. Mr. Chairman, I thank the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from New York [Mr. HICKS] for reserving the point of order. I had hoped that no one would make it. I recognize the fact, however, that, according to the rules of the House, it is probably subject to a point of order. However, I do not think that my position in attempting to attach legislation to an appropriation bill is altogether unprecedented, inasmuch as it has often been attempted and often with success. Legislation much less justifiable than this has been attached to an appropriation bill by our genial friends who compose the Committee on Appropriations itself. The power which is theirs, however, is not mine. As the humble sponsor of legislation affecting the lives and welfare of the disabled emergency officer—long-suffering and patient as he is—I only wish his cause to-day were in more able but no less willing hands.

However, that is not the question in point. The particular amendment which I have offered is for the purpose of bringing to the attention of this body the fact that 11 months ago, or, to be exact, on February 20, 1922, a bill (S. 1565) of very similar import to the amendment which I have just offered, passed the Senate. That bill has been slumbering for a period of practically 11 months in the House Committee on Military Affairs. Had these officers, affected by this bill, acted when at the front with the same lack of celerity the outcome of the war would have been different from what it was. I am not going to discuss the merits or demerits of this legislation here at this time. I wish, however, to bring to the attention of the House the fact that I have been reliably informed that approximately 250 Members of this House, a clear majority—a clear majority, I will say further, of both the Democrats and Republicans of this House—have petitioned the Committee on Military Affairs, respectfully requesting the committee to report this bill in time for it to be considered by the present Congress. This, of course, in order that its merits or demerits may be determined by this body. Otherwise, as Members well know, the Senate bill will automatically die on March 4, 1923, when this Congress adjourns. That request, in view of the fact that there are many disabled emergency officers throughout the country patiently awaiting the outcome of this legislation, is one which I think in no way presumes upon the prerogatives of the great Committee on Military Affairs. But we believe, gentlemen, that the time has now arrived—if, indeed, it did not arrive months ago—when the House should have an opportunity to pass upon the worthiness of this legislation.

Certain amendments have been suggested to the Committee on Military Affairs which will make the legislation effective in those respects in which the committee considered the Senate bill lacking. Those suggested amendments come from no less an authority than the Comptroller of the Treasury of the United States. Whether or not the bill should be adopted in its present form, which is that covered by my amendment, or with further amendments, or whether or not it should be passed or be defeated on the floor of this House, is a question which alone the Members of this body can determine; and they have expressed their desire for that opportunity. I therefore again entreat the gentlemen in charge of the machinery of the great Committee on Military Affairs to give heed to the respectful request of the majority of the membership of this House. Both as a request from the House and in deference to the desires of the majority of the membership of the two great parties which go to compose it, I hope that these gentlemen in charge of this legislation will see fit to report the bill at an early date, in order that its merits or demerits may be passed upon by this House. Any other action by the committee will place upon it the responsibility of the prevention of the free consideration of this bill by the House, amounting in effect to its death by strangulation by the Military Affairs Committee. [Applause.]

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. STAFFORD. Mr. Chairman, under the reservation of the point of order I wish to say briefly that although the subcommittee in the consideration of the War Department appropriation bill has had submitted to it in the past two years by the many officers who came before it almost every conceivable phase of retirement pay, yet never was any mention made of the proposal suggested in the amendment offered by the gentleman from California. Being entirely in the dark as to it, as I suppose a great number of other Members are—although there may be members of the Committee on Military Affairs who are properly versed in it—I feel impelled to insist on the point of order.

The CHAIRMAN. The amendment offered by the gentleman from California is clearly legislation. Therefore the Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

None of the funds herein or heretofore appropriated shall be used for payment of the six months' pay (authorized by the act of December 17, 1919, to be paid to certain specified beneficiaries of officers or enlisted men of the Regular Army who died from wounds or diseases not the result of their own misconduct) to any child of a deceased officer or enlisted man who is not actually a dependent of such deceased officer or enlisted man.

Mr. ANTHONY. Mr. Chairman, on page 19, line 18, I offer the following amendment: After the word "herein" strike out the word "or" and insert a comma in lieu thereof, and after the word "heretofore" insert the words "or hereafter." This is a correction.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ANTHONY: Page 19, line 18, after the word "herein," strike out the word "or" and insert a comma in lieu thereof, and after the word "heretofore" insert the words "or hereafter."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DICKINSON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DICKINSON: On page 19, after line 25, insert a new paragraph as follows:

"None of the funds appropriated in this act shall be used for payment of any officer of the Army on the active or retired list while such officer is engaged in the business of selling supplies or services to the United States, or is employed by any individual, partnership, or corporation which engages in such business."

Mr. DICKINSON. Mr. Chairman, the provision of the Navy bill of June 10, 1896, carries this provision with reference to retired and active officers in the Navy. Just now we have put in a similar provision as to the retirement of General Crowder. Now we have the retirement of General Harbord, who immediately becomes president of the Radio Corporation of America, not because he is an expert in radio but on account of the influence that they hope he will have in selling their products to the United States Government. I have no objection to his getting a good job, but I do say that if he is going to be engaged in the manufacture of articles for sale to the Government he ought not to be entitled to any retired pay in the Army. [Applause.] For that reason I want to see a provision of this kind put in with reference to retired officers or active officers in the Army, and I call attention to a clipping in the Chicago Tribune of the other day:

The Radio Corporation, now headed by General Harbord, formerly Assistant Chief of Staff of the Army, is one of the most powerful aggregations of capital in the world. Behind it are the General Electric Co. and the J. P. Morgan interests.

ALLEGED CONTROL OF PATENTS.

The activities of the Radio Corporation, some of which are now undergoing investigation by the Federal Trade Commission, are alleged to be in the direction of establishing a wireless communication monopoly through control of patents, through exclusive traffic agreements, and through direct governmental grants and provisions conferring exclusive rights to valuable bands of wave lengths.

The Radio Corporation is reported to have closed a large number of exclusive contracts which will prevent any serious competition in domestic and foreign wireless communication. In the case of a country where radio is a government monopoly such an exclusive contract would give the Radio Corporation a monopoly of wireless communication from that country to the United States.

The purpose of getting General Harbord in this job is on account of his acquaintance with the people who are occupying positions in the Army and Navy whom they hope to influence, that is all. If he is going to occupy this position and draw a salary for it, all right, but he should not receive a dollar of Government money out of the Public Treasury while he is so engaged, and I hope this amendment will be adopted. [Applause.]

Mr. GRAHAM of Illinois. I did not hear the amendment read. May it be again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The amendment was again read.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

CLAIMS FOR DAMAGES TO AND LOSS OF PRIVATE PROPERTY.

For payment of claims of not to exceed \$500 in amount for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army that have accrued, or may

hereafter accrue, from time to time, \$40,000: *Provided*, That settlement of such claims shall be made by the General Accounting Office, upon the approval and recommendation of the Secretary of War, where the amount of damages has been ascertained by the War Department, and payment thereof will be accepted by the owners of the property in full satisfaction of such damages.

Mr. WATSON. Mr. Chairman, line 19, page 20, I move to strike out the word "of" where it occurs the second time. The word does not strengthen the meaning of the paragraph nor give grace to the grammatical construction.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WATSON: Page 20, line 19, strike out the word "of" where it occurs the second time.

Mr. ANTHONY. Does not the gentleman think that second "of" is necessary?

Mr. WATSON. I do not.

Mr. STAFFORD. Mr. Chairman, we all recognize that the gentleman from Pennsylvania [Mr. WATSON] is one of the leading grammarians of the House.

Mr. WATSON. I do not profess to be.

Mr. STAFFORD. The gentleman is so modest that he never admits either his worth or his wonderful attainments; but I think if he will study that sentence closely he will come to the conclusion that the second "of" is necessary.

Mr. WATSON. We all recognize that the gentleman from Wisconsin is a philosopher, and we also recognize his claim as an expert in grammatical construction.

Mr. STAFFORD. I am as modest in disclaiming to be a philosopher as the gentleman is a grammarian. I have nothing further to say. I am opposed to the amendment. This wording is carried in existing law.

Mr. HILL. Mr. Chairman, I rise in opposition to the amendment. The existing law uses this phraseology, and the controller is likely to consider this a change in existing law. I agree with the gentleman on the grammar, but it is sure to make trouble if we change it.

Mr. WATSON. If an error were made in writing a paragraph 100 years ago, I do not understand that is any argument in favor of its being continued. The question is the grammatical construction of the paragraph.

Mr. STAFFORD. I ask unanimous consent that all debate on this amendment and all amendments thereto close in two minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that all debate on this amendment and all amendments thereto close in two minutes. Is there objection?

There was no objection.

Mr. PARKER of New Jersey. Mr. Chairman, it seems to me that "for payment of claims of not to exceed \$500 in amount" means that each claim must not exceed that amount, but that "for payment of claims not to exceed \$500 in amount" means that all the claims together must not exceed \$500. It seems to me it is dangerous to leave out the second word "of." [Applause.]

Mr. STAFFORD. The gentleman from New Jersey has shed considerable light on the erudition of the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

None of the funds appropriated in this act shall be used for payment of expenses of operating any utility of the War Department selling services or supplies at which the cost of the services or supplies so sold does not include all customary overhead costs of labor, rent, light, heat, and other expenses properly chargeable to the conduct of such utility.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I call attention of gentlemen to the word "customary," in line 8, page 24, where it says "selling services or supplies at which the cost of the services or supplies so sold does not include all customary overhead cost of labor," and so forth, otherwise there may be added the overhead cost of some expensively conducted private operation.

Mr. ANTHONY. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. ANTHONY. I think the use of the word "customary" is intended to convey the usual overhead charges—those expenses which are usual.

Mr. McLAUGHLIN of Michigan. Usual to whom?

Mr. ANTHONY. To the conduct of business. The funds are to apply to utilities operated by the War Department on a business basis.

Mr. McLAUGHLIN of Michigan. The usual overhead expenses may be the expense in private business where unreasonable charges are made.

Mr. ANTHONY. I think they are set out here. They are the overhead cost of labor, rent, light, and other expenses properly chargeable to the conduct of the utility.

Mr. McLAUGHLIN of Michigan. The words "such utilities" do not mean anything, because there are no overhead charges attached to or taken into consideration in public business. In order to find the customary charges, in order to find any value of the use whatever for the word "utility" we must go outside of the public business and find private business comparable to the business that is Government conducted.

Mr. ANTHONY. This paragraph refers to the utilities, such as ice plant and similar utilities for the business of the entire garrison.

Mr. McLAUGHLIN of Michigan. Is it not true that in all public utilities no account is taken of overhead costs?

Mr. ANTHONY. We do this to compel them to take into account the overhead cost. The principal utilities are the laundries and ice plants, and the purpose is to put the thing on a business basis. The idea was to make them pay their way.

Mr. McLAUGHLIN of Michigan. If that is true, I doubt the advisability of using the word "customary," because we have to go outside altogether and ascertain the overhead charges of a private concern.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

Provided, That from this appropriation not to exceed \$710,000 shall be expended for the pay of civilian employees; not to exceed \$1,250,000 shall be expended for power, heat, and electric current; not to exceed \$40,000 shall be expended for maintenance and repair of buildings (including repair of machinery) for laundries; not to exceed \$200,000 shall be expended for the maintenance and repair of heating apparatus (other than stoves); not to exceed \$150,000 for maintenance and repair of electric wiring and fixtures; not to exceed \$10,000 for the repair and exchange of typewriters; not to exceed \$3,750,000 for fuel; not to exceed \$4,500,000 for forage, including salt and vinegar and bedding for animals, and straw for soldiers' bedding; not to exceed \$200,000 for ice; and not to exceed \$100,000 shall be expended for stationery.

Mr. ROACH. Mr. Chairman, I move to strike out the last word. In the paragraph just read, page 26, line 23, is carried an appropriation of \$710,000 for paying the civilian employees. Would the gentleman mind stating what some of the principal items are of this expenditure?

Mr. ANTHONY. These are civilian employees handling and carrying the supplies of the Army in a quartermaster's corps. The number of civilian employees of the Army has been greatly reduced in the last year until now the number is about normal as compared with pre-war times.

Mr. ROACH. I am sure the gentleman can give us that assurance.

Mr. ANTHONY. For instance, on December 31, 1921, there were 36,396 civilian employees, excluding the Engineer Corps, handling river and harbor matters. The Budget allows for 21,259, exclusive of the Engineer Corps, and we figure there will be 23,000 under the river and harbor. So on August 31, 1922, the number of civilian employees, exclusive of the Engineer Corps, was 29,000; so you see that under this bill we are cutting the number 8,000.

Mr. ROACH. I am glad to know that these reductions have been made.

Mr. ANTHONY. The employees of the War Department have been reduced. At the time of the armistice there were 37,500; and there are now 29,740, and after this bill goes into effect there will be 26,080.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. I want to call the attention of the gentleman from Georgia [Mr. UPshaw] to the fact that his friends, the gentleman from Maryland [Mr. HILL] and the gentleman from New York [Mr. COCKRAN], possibly may be putting one over on him. Since their speeches on yesterday, for the first time since I have been in Congress, the House restaurant's menu down stairs to-day has the following: "Premium ham glace, sauce champagne."

Mr. KNUTSON. Did it taste good? [Laughter.]

Mr. STAFFORD. That is only a sham, the gentleman knows it is not real.

Mr. BLANTON. There seems to be about as much pain as there is sham.

Mr. CRAMTON. Gentlemen will notice that it is spelled s-h-a-m.

Mr. BLANTON. Oh, there are various shams in spelling, as well as there are in enforcing the law.

Mr. KNUTSON. That is the way they spell it in Texas. [Laughter.]

The CHAIRMAN. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read the paragraph providing for transportation of the Army and its supplies, including the following proviso on page 31, line 9:

Provided further, That in expending the money appropriated by this act a railroad company which has not received aid in bonds of the United States and which obtained a grant of public land to aid in the construction of its railroad on conditions that such railroad should be a post route and military road, subject to the use of the United States for postal, military, naval, and other Government services, and also subject to such regulations as Congress may impose restricting the charge for such Government transportation, having claims against the United States for transportation of troops and munitions of war and military supplies and property over such aided railroads, shall be paid out of the moneys appropriated by the foregoing provisions only on the basis of such rate for the transportation of such troops and munitions of war and military supplies and property as the Secretary of War shall deem just and reasonable under the foregoing provision, such rate not to exceed 50 per cent of the compensation of such Government transportation as shall at that time be charged to and paid by private parties to any such company for like and similar transportation; and the amount so fixed to be paid shall be accepted as in full for all demands for such service.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word for the purpose of inquiring of the chairman of the subcommittee in respect to the word "and" in line 11, page 31. My understanding of that proviso is that it is intended to limit the charge that a railroad company may make for transporting troops, a reduction being made, and a limitation put upon the amount that can be received, if the railroad company had been aided by the Federal Government in a substantial way. If this language is to stand as it is, if the word "and" is to remain, then a railroad company would not be limited unless it had received both bonds and a grant of public land. We all know that some of the railroads have been very materially aided by the grant of public lands, lands very valuable at the time they were granted, and that have increased to a very great value since that time. We also know that bonds in large amounts have been issued, or that the Government has guaranteed railroad bonds. There are two very material aids that have been given, and in my judgment—at least it occurs to me at this time—if aid has been given to the railroad in either way, through bonds or by the grant of public land, then the Government should be in a position to ask this concession, this reduction upon the part of the railroad; but as the language of the bill is at present, no concession, no reduction, could be demanded unless the road had been aided in both ways—by bonds and by the grant of public lands. If I am right in my understanding of the provision, I suggest an amendment striking out the word "and" and inserting in lieu thereof the word "or."

Mr. ANTHONY. Mr. Chairman, this language in reference to the land-grant railroads has been carried in the bill for a great many years, just as written in the bill now pending. My information is that the original language was prepared by the law officers of the War Department. It has evidently accomplished its purpose all of these years, although it is open to the construction of the gentleman from Michigan [Mr. McLAUGHLIN]. Whether it be advisable to change it now without making some investigation as to just what legal aspects the amendment would have, I do not know. Would the gentleman be willing to have the matter passed over so that we may make inquiry of the War Department to find out just what effect it would have?

Mr. McLAUGHLIN of Michigan. I am not urging it now. I call the attention of the gentleman to the matter.

Mr. ANTHONY. I think the gentleman's suggestion is entirely reasonable.

Mr. McLAUGHLIN of Michigan. I presume the gentleman can easily get information as to what railroads are affected by this provision, and the relation of each railroad to the Government, as far as aid from the Government is concerned. I suggest that the gentleman look that matter over and see if the interest of the Government will be properly served by the amendment I suggest.

Mr. ANTHONY. I would be very glad to look into it.

Mr. SISSON. Mr. Chairman, I suggest to the gentleman that it seems to me the word "or" ought to be inserted. The matter ought to be looked into. However, we do not know just exactly what effect it will have. I ask unanimous consent that the paragraph be passed over without prejudice until the matter can be investigated.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that the paragraph be passed over without prejudice, to be returned to later. Is there objection?

There was no objection.

Mr. KEARNS. Mr. Chairman, I rise to offer an amendment.

The CHAIRMAN. The paragraph has been passed over without prejudice and the gentleman will have his right when the paragraph is again called up.

The Clerk read as follows:

HORSES FOR CAVALRY, ARTILLERY, ENGINEERS, ETC.

For the purchase of horses of ages, sex, and size as may be prescribed by the Secretary of War for remounts for officers entitled to public mounts for the Cavalry, Artillery, Signal Corps, and Engineers, the United States Military Academy, service schools, and staff colleges, and for the Indian scouts, and for such Infantry and members of the Medical Department in field campaigns as may be required to be mounted, and the expenses incident thereto (including \$25,000 for purchase of remounts and \$150,000 for encouragement of the breeding of riding horses suitable for the Army, including cooperation with the Bureau of Animal Industry, Department of Agriculture, and for the purchase of animals for breeding purposes and their maintenance), \$200,000: *Provided*, That the number of horses purchased under this appropriation, added to the number now on hand, shall be limited to the actual needs of the mounted service, including reasonable provisions for remounts, and unless otherwise ordered by the Secretary of War no part of this appropriation shall be paid out for horses not purchased by contract after competition duly invited by the Quartermaster Corps and an inspection under the direction and authority of the Secretary of War. When practicable, horses shall be purchased in open market at all military posts or stations, when needed, within a maximum price to be fixed by the Secretary of War: *Provided further*, That no part of this appropriation shall be expended for the purchase of any horse below the standard set by Army Regulations for Cavalry and Artillery horses, except when purchased as remounts or for instruction of cadets at the United States Military Academy: *And provided further*, That no part of this appropriation shall be expended for polo ponies except for West Point Military Academy, and such ponies shall not be used at any other place: *And provided further*, That the Secretary of War may, in his discretion, and under such rules and regulations as he may prescribe, accept donations of animals for breeding and donations of money or other property to be used as prizes or awards at agricultural fairs, horse shows, and similar exhibitions, in order to encourage the breeding of riding horses suitable for Army purposes: *And provided further*, That the Secretary of War shall report annually to Congress, at the commencement of each session, a statement of all expenditures under this appropriation, and full particulars of means adopted and carried into effect for the encouragement of the breeding of riding horses suitable for the military service.

Mr. HUDSPETH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HUDSPETH: Page 35, line 6, after the word "war," strike out the colon and insert a semicolon and add the following: "All purchases shall be made by the Secretary of War or his agent direct from the owners or agents of owners of said horses."

Mr. ANTHONY. Mr. Chairman, I reserve the point of order upon the amendment.

Mr. HUDSPETH. Mr. Chairman, I think it is clearly a limitation upon the purchase of these horses. If the committee will adopt this amendment, we will save the Government at least one-half the sum formerly expended for the purchase of these horses, for this reason: The contract for the purchase of these horses heretofore has been farmed out to Tom, Dick, and Harry. They have then sublet it to some one else, who goes to the owners and buys the horses at a much less sum than the contract with the agents of the Government calls for, thereby depriving the owner of the horses from getting what the Government actually pays for the horses, and also giving to some agent a contract to go out and buy these horses at an exorbitant sum, much more than is paid the owner for the horses. I know of many instances during the war where men were given contracts for the purchase of Cavalry horses. They went to the owners and bought the horses for half the contract price which the Government had to pay. The owner of the horses was deprived of receiving all that the Government paid and the Government, on the other hand, was defrauded out of thousands of dollars by that sort of procedure.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. HUSTED. Am I to understand that the object of the gentleman's amendment is the prevention of subletting of these contracts?

Mr. HUDSPETH. Absolutely.

Mr. HUSTED. For the purchase of these horses for the Government?

Mr. HUDSPETH. Yes. If the amendment be adopted, it will save the Government at least half the appropriation in the purchase of the horses.

Mr. ANTHONY. Mr. Chairman, will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. ANTHONY. As I understand it, it is not the practice of the War Department to sublet contracts of this nature.

Mr. HUDSPETH. They have been doing it in the past.

Mr. ANTHONY. As I understand it, they advertise for bids for horses to come up to certain specifications, and anyone is at liberty to go out in the country and gather those horses up and present them to the purchasing officer of the Government.

Mr. HUDSPETH. Yes; but they have been farming out these contracts to men who go through the country and buy the horses at half the price that the Government has to pay for them.

Mr. ANTHONY. Did not the abuse the gentleman speaks of occur during the time of war?

Mr. HUDSPETH. Well, it is being done, I will say to the gentleman, at the present time.

Mr. ANTHONY. There are no horses being purchased under this appropriation except a few remount colts, and also about 200 ponies, in the Philippine Islands, so there are no horses being purchased under this.

Mr. HUDSPETH. I will say to my friend horses are purchased, and you will see contracts will be farmed out. A man will go to the owner of the horses and buy at a less price than the Government agrees to pay. There is no question but what that is the practice all over the State of Texas, where they raise horses. Adopt this amendment and you compel the agent of the Secretary of War to select a man to go to the owners, and you save the charges of the middleman, and you will save thousands of dollars.

Mr. STAFFORD. Will the gentleman yield?

Mr. HUDSPETH. I will.

Mr. STAFFORD. Why should the gentleman compel the Government to go to the man who has something to sell rather than that the man who has something to sell should come to the Government?

Mr. HUDSPETH. This does not prevent the man having something to sell from going to the Government, but compels the Government to purchase direct from the owner. It does not prevent the man owning the horses from going to the Government, but it cuts out the middleman.

Mr. STAFFORD. Why can not the person owning the horses do that to-day?

Mr. HUDSPETH. No; but our contracts are let to middlemen. Men contract for horses of a certain standard at a certain price. Then they go to the owner and buy them at less and turn them in to the Government and make an exorbitant profit.

Mr. ANTHONY. Will the gentleman yield?

Mr. HUDSPETH. I will.

Mr. ANTHONY. I am afraid the gentleman's amendment would handicap the War Department if it desires to purchase any considerable number of horses, for the reason it is impossible for the War Department to go to every farmer who has a colt or a horse that comes up to the standard of the War Department.

Mr. HUDSPETH. I will say to the chairman, in every case they will send out agents to purchase these horses, and they are purchased as a rule in large lots from the man who raises a large number of horses. You simply cut out the middleman and you will see there will be a saving to the Government of thousands of dollars.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ANTHONY. Mr. Chairman, I ask to be recognized. I want to say to the gentleman that it appears that this amendment would increase the cost to the Government of the horses purchased, as he would compel the War Department to go to the farmer who has horses and enter upon negotiations to buy his horses. In other words, you put the responsibility upon the Government. Under the present conditions the Government says it is on the market for a certain number of horses, and the farmer who has a large number brings his horses to the Government.

Mr. HUDSPETH. I will say to the gentleman that does not prevent the farmer from going to the agent of the Government and selling those horses, but it does this alone: It cuts out the middleman and his profits, the man who has been making millions of dollars.

Mr. ANTHONY. I will say that the middleman is in a position to save the Government money, is in a position to go and collect those horses and sell 30 or 40 to the Government at a price the Government could not get if it had to go out in the market and get them.

Mr. HUDSPETH. If you advertise at Fort Bliss or El Paso for 1,000 horses, you would have 5,000 there before night from the farmers and stock raisers.

Mr. ANTHONY. That is because they are a drug on the market.

Mr. HUDSPETH. They are a drug on the market all over the country, but if the Government advertised in any part of the Southwest that they wanted 1,000 head of horses the whole country would be swamped with horses in 24 hours.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. ANTHONY. I will.

Mr. GREEN of Iowa. I notice that there is this provision: "When practical, horses shall be purchased in open market at all military posts or stations, when needed, within the maxi-

mum price to be fixed by the Secretary of War." I do not see why the farmer can not sell under that provision.

Mr. ANTHONY. He has absolute access to the Government for the sale of horses at any time.

The CHAIRMAN. There is a reservation of the point of order.

Mr. ANTHONY. I withdraw the reservation, but I am opposed to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the Chair announced the yeas seemed to have it.

On a division (demanded by Mr. HUDSPETH) there were—ayes 16, yeas 22. So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. My colleagues voted down the amendment of my colleague from Texas [Mr. HUDSPETH] because they did not understand the situation. His amendment would have saved this Government at least 40 per cent of the cost of these remount horses. Some of the best Cavalry horses in the world are raised on just such Texas ranches as is owned by my colleague [Mr. HUDSPETH]. These ranch horses make the finest Cavalry mounts in the world. Some speculators will go there and buy those horses at \$80 or \$90 and then turn them over to the Government at \$150 to \$250 each—that is the profit they make from the Government—and it was to meet that situation that my colleague offered his amendment, but it was defeated.

The distinguished chairman [Mr. ANTHONY], whom we all love, said that there was just a small part of this sum to be used in purchasing horses, and he said that was limited to remount colts. He is mistaken. He is not often mistaken, but he is in error one time. Here is \$25,000 for the purchase of remounts. That means remount colts and other horses, and "\$150,000 for the encouragement of the breeding of riding horses" suitable for the Army.

Mr. ANTHONY. Now, out of that \$150,000 we are informed that \$30,000 will be used to buy ponies in the Philippine Islands for remounts and the rest is for the encouragement of the breeding of riding horses.

Mr. BLANTON. But under the language it says, "\$150,000 for the encouragement of the breeding of riding horses suitable for the Army," and so forth, and "for the purchase of animals for breeding purposes and their maintenance, \$200,000." The gentleman knows what the Army can do under that language if it wants to, and I will tell him some of what it does.

My colleagues from Texas, Mr. JONES and Mr. HUDSPETH, and myself tried to defeat this item here a couple of years ago. The debate showed that they took a great amount of money and bought fine stallions and turned them over to certain individuals and let them breed them without cost for their own private business. They could sell the progeny to the Government if they wanted to, and they need not do so if they did not want to, and we three objected to it, although we come from horse-raising sections which could be benefited by it. We tried to defeat it. What happened? We did not defeat it, but now we three Texans have had quite a deluge of fine stallions sent to our districts. The gentleman from Texas [Mr. HUDSPETH] had several very fine ones sent to his district. The gentleman from Texas [Mr. JONES] had several very fine ones sent also to his district, and I have had some very fine ones sent to my district. Why? But I am still fighting it because I do not believe in it. I believe the Army can get horses in some other way.

Do not you ever fret, our cowmen are going to raise all the horses they need. Whenever the Government needs those horses for Army purposes those cowmen are patriotic enough to see that the Army gets them. You do not need this provision.

I noticed in the paper the other day what they are fixing to do. The Army is hoping to send a great big string of these remount horses to Europe, to display them, and to compete in horse shows abroad. The people of this country are not interested in that kind of foreign enterprise. I submit that it is a waste of money. I submit that an economical Government, of which we hear so much on that side of the House, ought not to stand for a thing of that kind.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. DEMPSEY. Does not the gentleman think that a horse show abroad would have the same effect, only on a larger scale, as the county fair, such as the gentleman has in his own State, and such as we all have in our own States?

Mr. BLANTON. County fairs in America are all right—

Mr. DEMPSEY. It is a large county fair—

Mr. BLANTON. It is all right for a large county fair to be held in New York or down in Texas or over in Maryland, or somewhere else in the United States, as an American enterprise; but we do not pull them off over in Europe. We should let Europe attend to its own county fairs and furnish its own displays. I want to see a stop put to spending money in wasteful ways. All this is the foolishness of a lot of Army officers who want to straddle fine pacers and fox trotters in our American parks and then go abroad and ride their fine mounts at competitive horse shows in Europe, displaying themselves as well as their horses, at the expense of this Nation. I hope it will stop. I hope the gentleman from Kansas [Mr. ANTHONY] in the future will curtail it, as he has attempted to do in the past.

Mr. McKENZIE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. McKENZIE. I do so, Mr. Chairman, for the purpose of asking a question of the gentleman from Kansas [Mr. ANTHONY], in charge of the bill. I find myself in agreement with the gentleman from Texas [Mr. BLANTON] in regard to this appropriation. I think it is a mistake. I would like to ask the gentleman from Kansas, the chairman of the subcommittee, how many of these stallions are now owned by the War Department and distributed throughout the country?

Mr. ANTHONY. My understanding is that the War Department now owns 254 stallions, of which 90 were acquired by donation and the balance were purchased under appropriations made from year to year for the encouragement and development of the breeding of horses for Army use.

Mr. McKENZIE. I assume that those that were donated are rather old and infirm?

Mr. ANTHONY. No. My understanding is that very valuable animals have been given to the Government by some of the largest breeders of horses in this country.

Mr. McKENZIE. Does the War Department employ an attendant known as a manager for each one of these horses?

Mr. ANTHONY. My information is that these horses are placed over the country under a system by which a horse is placed in a community in charge of what is known as a "manager." This manager looks after the horses in the community, and a fee, a standard fee of \$10, a nominal fee, is charged, and this nominal fee is turned into the Treasury by the manager, and in turn the War Department, out of this appropriation, allows the manager a reimbursement of \$10 for his labor.

Mr. McKENZIE. Another point I am interested in is this: Do they do enough business, is the increase sufficient, to pay the manager's salary? That is, do they collect enough money to pay the manager's salary, or is it an additional expense on the Government to employ these managers?

Mr. BLANTON. I will answer the gentleman's question, if I may. Say the gentleman had a stock farm in his district with 50 fine blooded mares on it. He makes an application to this remount station and they send him one of these stallions and he takes care of it, and when he gets through with it he repays the remount station.

Mr. ANTHONY. I understand this activity is self-sustaining.

Mr. BLANTON. The stockman charges himself \$10 each and credits himself \$10 each, so that it is all a book account. No money is paid in or out.

Mr. ANTHONY. I think the gentleman is in error when he states that these horses are placed on large ranches. My information is that they are placed in communities available to the large horse breeders.

Mr. McKENZIE. The gentleman from Kansas well knows that I have endeavored to be a consistent friend of the Military Establishment of our country, and I have been in earnest when I sought to have all these auxiliary expenses cut out and taken away from the Military Establishment in order that the Military Establishment may stand on its own merits. So far as I am personally concerned, I feel that the War Department is making a mistake when it engages in any of these civic pursuits, and certainly this is a character of itinerant activity for which I have no use whatever in the War Department. If the Department of Agriculture wants to handle it, all right.

Mr. STAFFORD. Was not this activity wished upon the War Department by the Department of Agriculture?

Mr. McKENZIE. I believe so.

Mr. STAFFORD. The Department of Agriculture desired to get rid of it, and wished it on the War Department.

Mr. McKENZIE. I have sometimes thought it was a conspiracy brought about by those who have it in for the War Department to try to break it down.

Mr. STEPHENS. I should like to ask the gentleman from Texas [Mr. BLANTON] whether any of the stallions distributed in Texas were white stallions?

Mr. BLANTON. All of that particular color are reserved for Baltimore. [Laughter.]

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn.

Mr. KEARNS. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. KEARNS: After the word "service," in line 26, page 35, insert a new paragraph, as follows:

"That section 2 of the legislative, executive, and judicial appropriation act approved July 31, 1894, is amended by adding at the end thereof a new sentence to read as follows:

"Retired enlisted men of the Army, Navy, Marine Corps, or Coast Guard shall not be construed to hold an office within the meaning of this section," and that payments heretofore made to retired enlisted men of the Army, Navy, Marine Corps, or Coast Guard under appointments to civil offices with a payment of \$2,500 or more per annum are hereby validated."

Mr. BLANTON. I reserve a point of order on the amendment.

Mr. JONES of Texas. Mr. Chairman, I offer a preferential amendment.

The CHAIRMAN. The gentleman from Texas offers a preferential amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 34, line 14, after the word "thereto," insert the figures "\$50,000" and strike out the remainder of the paragraph, except the first proviso.

Mr. KINDRED. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman will send up his amendment.

Mr. KINDRED. After the provision for the stallions already made in the bill, I want to offer a proviso that one of these stallions shall be kept in the State of New Jersey.

The CHAIRMAN. The gentleman will reduce his amendment to writing and send it to the Clerk's desk.

Mr. KINDRED. I will do that, but I do not want to lose my opportunity to debate the amendment.

The CHAIRMAN. Does the gentleman claim the floor?

Mr. KINDRED. I do.

The CHAIRMAN. The gentleman is recognized.

Mr. KINDRED. Mr. Chairman and gentlemen of the committee, the object of my amendment is that one of the stallions provided for in this bill, and I think very properly provided for in order to secure better mounts for the Cavalry service of our Army, shall be kept in that part of New Jersey which is noted for its blue grass, as fine as any in the blue-grass region of Kentucky, where I have the good fortune to own 400 or 500 acres and where I undertook to raise horses, but had to go out of the horse-raising business, in which I hoped to better the mounts for the Army, but had to relinquish that hope because we could not get the proper stallions. So I had to raise mongrels, mules, instead. I understand on the authority of the gentleman from Texas [Mr. BLANTON] that as this provision in the Army bill has worked out heretofore it has resulted in the locating of three stallions in his district. I do not know why the gentleman who is so virile should require so many stallions to reinforce him in that district; but I understand that the no less virile gentleman, my good personal friend [Mr. JONES of Texas], has also three stallions in his district.

Mr. BARKLEY. That explains the opposition of the gentleman from Texas [Mr. JONES] to this bill.

Mr. KINDRED. Mr. JONES of Texas will withdraw his objection if it rests on that, because he can send two of them up into the blue-grass region of New Jersey if you will agree to my amendment. It is a perfectly fair proposition that we should encourage the improvement of the breed of our horses in the East as well as in the Southwest and South. As I have already said, we have unusual conditions and facilities for the raising of good horses in that part of New Jersey.

Mr. JONES of Texas. I understand they have sent more of these horses to Virginia than any other State; and I understand there are a number of States that have better facilities for raising horses than does Virginia, as they do not seem to be handling it very efficiently. I am not reflecting on the State of Virginia, but there are other States that grow just as good horses.

Mr. MOORE of Virginia. The gentleman from New York is himself an honored native of Virginia and is a good witness for that State.

Mr. KINDRED. I want to make the point clear that there is no objection coming from me to any particular State having

a stallion in order to improve the breed of mounts for the cavalry.

Mr. JONES of Texas. Neither have I any objection, but I think they ought to handle it in an efficient manner.

Mr. KINDRED. I agree with the gentleman on that proposition. But we in the East require some encouragement to improve the breed of our horses. As I have outlined, that portion of the State of New Jersey along the line of the Philadelphia & Reading Railway around Bellemead, about midway between New York and Philadelphia, has a very fine soil for grasses, just as good as any in the blue-grass regions of Kentucky, and we should have encouragement to improve the breed of our horses.

Mr. WINGO. Is that need any more pronounced in horses than in other ways?

Mr. KINDRED. I do not quite get the gentleman's question. The need is pronounced among the horses; and, from the standpoint of quality and distribution, we ought to get some benefit from this appropriation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. ANTHONY. Mr. Chairman, I am of the opinion that it is very desirable to continue the encouragement of improving the breed of riding horses in this country. The testimony in the hearings on that subject is very interesting. The House ought to know the story of the hearings, which shows that the motor has driven the horse off the farms of the country except for the heavy labor and drudgery of farm work. Nobody breeds riding or driving horses any more, and the result is that the Army has extreme difficulty in getting proper riding horses. Let me read the testimony of Major Scott in the hearings last year. He says:

Major Scott. In 1919, after the war, and during the war, it was found that riding horses in this country were practically extinct. You could not secure them in any large numbers. We had great difficulty in buying enough to supply the Infantry and Artillery, although we used practically no Cavalry during the World War. This is further substantiated by the reports of all foreign officers, who reported to their Government that the type of horse required for riding purposes did not exist in any appreciable numbers. In 1919 the Secretary of War appointed what was known as the remount board, consisting of 10 officers and 10 prominent civilians. The officers were such as chiefs of Cavalry and Artillery, one from the Quartermaster General's office, and one from the office of the Chief of Staff, and distributed through the various services. The civilians were prominent well-known breeders throughout the United States. This board recommended an appropriation of \$250,000, which appropriation was secured from Congress, for the fiscal year 1921. This board directed that the Quartermaster General's office draw up a scheme for the encouragement of breeding, which it did, and it was finally approved by the Secretary of War. Last year the appropriation was reduced from \$250,000 to \$150,000, and this appropriation is to carry on that work.

This year Major Scott again says:

The idea of this breeding is not to raise more horses but better horses. For instance, on the ranches out West they have two or three hundred scrub mares producing colts worth \$10 or \$15 per head, and we have induced some of those breeders to take 40 of their best mares and raise 30 or 40 colts that will be worth \$200 or \$300 per head and which will not eat any more than a horse worth only \$15 per head.

Now, unless the Government does take a hand and does something to rebuild the standard of riding horses in this country there will be no longer any place for the Government to get the good horses it needs.

Mr. WINGO. Will the gentleman yield?

Mr. ANTHONY. Yes.

Mr. WINGO. If you are going to subsidize the breeding of saddle horses, does not the gentleman think it ought to be under the Department of Agriculture?

Mr. ANTHONY. It was under the Department of Agriculture, but three years ago it was transferred to the War Department.

Mr. WINGO. What is the need of having fine saddle horses? Does not the gentleman think that if they would train the officers in riding it would overcome the difficulty of trying to breed saddle horses?

Mr. ANTHONY. In my own country saddle horses used to be plenty.

Mr. WINGO. Oh, the gentleman means fancy saddle horses. Mr. ANTHONY. The gentleman would not have them ride farm horses, would he?

Mr. WINGO. That is the only kind of a horse I ever rode. Mr. ANTHONY. But the gentleman would not want to ride that kind of a horse and be in the saddle all day.

Mr. WINGO. I have been in the saddle all day long, and for the kind of work I did I did not want a fancy saddle horse with a saddle about as big as a pancake. [Laughter.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment of the gentleman from Ohio, to which a point of order has been reserved.

Mr. KEARNS. Mr. Chairman, this amendment seeks to make clear a provision in an appropriation bill passed back in 1894. This provision reads as follows:

No person who holds an office the salary or annual compensation attached to which amounts to the sum of \$2,500 shall be appointed to or hold any other office to which compensation is attached unless specially heretofore or hereafter specially authorized thereto by law; but this shall not apply to retired officers of the Army or Navy whenever they may be elected to public office or whenever the President shall appoint them to office by and with the advice and consent of the Senate.

The amendment I have offered, should it become a law, would take care of 12 retired enlisted men who are now employed in the Veterans' Bureau. These men are employed at salaries of \$3,000 or \$3,500, and they receive a retired enlisted pay of about \$1,200 per annum, perhaps some as high as \$1,400. If these men were retired Army officers and could get the ear of the President and be appointed by the President to some job, and confirmed by the Senate, this Congress has made that action upon the part of the President and Senate legal. I mean by this the retired Army officer could in that event draw his retired pay and the salary of his office.

Mr. WINGO. Will the gentleman yield?

Mr. KEARNS. Yes.

Mr. WINGO. What kind of retired officers are these?

Mr. KEARNS. They are not retired officers, they are retired enlisted men, but the Comptroller General has made the astounding ruling that these men are officers.

Mr. WINGO. How many of these retired enlisted men are there?

Mr. KEARNS. Twelve, employed in the Veterans' Bureau at \$3,000 to \$3,500.

Mr. WINGO. Does the gentleman mean to leave the impression with the House that there is a large class of retired enlisted men who draw \$1,200 a year?

Mr. KEARNS. Oh, yes; I think that is true, is it not, Mr. ANTHONY?

Mr. ANTHONY. No; I think very few draw salaries as high as that.

Mr. WINGO. I thought a retired lieutenant or a captain would not draw as much as that.

Mr. ANTHONY. They must have been retired at a very high grade.

Mr. KEARNS. They were retired as noncommissioned officers.

Mr. WINGO. I hardly think they could be drawing that much.

Mr. ANTHONY. Mr. Chairman, will the gentleman yield?

Mr. KEARNS. Yes.

Mr. ANTHONY. The evidence shows that the average retired pay of enlisted men on the retired list is \$92.54 per month. I am somewhat surprised at that.

Mr. WINGO. Has the gentleman any idea of how many there are on the retired list?

Mr. ANTHONY. Five thousand nine hundred and seventy-three, largely through the operation of the 30-year service law.

Mr. KEARNS. However that may be, there are 12 of these men, I will say to the gentleman from Arkansas, who have been brought into the service in the War Risk Bureau, and they have been working there at a salary of \$3,000 to \$3,500 per annum for a year and a half. The Comptroller General has written an opinion recently, in which he holds that their employment is void from the beginning, and asks that these men pay back to the United States Treasury all of the money that they have received from the Government as employees in the Veterans' Bureau.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. KEARNS. Yes.

Mr. BLACK. That calls to mind the fact that some employees were put into the Government service who retired under the civil service retirement act, and Congress passed a law permitting them to draw the pay of the position to which they had been appointed, but I recall very distinctly that we put into the law a provision that they should not draw the retirement pay and the pay of the position. Would not that negative the idea that the gentleman has?

Mr. KEARNS. No; I do not think it would. We have many pensioners in the various bureaus who are drawing a pension from the United States and also a salary for the work they do in whatever position they happen to be.

Mr. BLACK. Does the gentleman take the position that retirement is a pension?

Mr. KEARNS. I do, indeed.

Mr. BLACK. In the sense of our pension laws?

Mr. KEARNS. It is not a pension under the pension laws, but it is nothing more nor less than a pension. These men, as retired enlisted men, can not be called back into the military service at the whim of the Military Establishment.

Mr. BLACK. That is true; but it is granted, for example, if a man has served 30 years. He may not be disabled in any way, but out of the gratitude and appreciation of that long service the Government retires him. I do not look upon it, however, as a pension.

Mr. KEARNS. These men are employed in the War Risk Bureau at salaries of \$3,000 to \$3,500 per annum.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEARNS. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KEARNS. They have been employed there because of their technical knowledge. If you bar them from employment the Government will be required to go out, or the bureau will, and get other men at the same salary who have not the technical knowledge. Consequently the War Risk Bureau will suffer. These men are not taking anything from the Government that some other man would not have taken had he been employed.

Mr. BLANTON. Oh, yes; but they are taking jobs away from other men who probably want them and who could fill them just as well.

Mr. KEARNS. Oh, not as well, because they have a technical knowledge.

Mr. BLANTON. When they are also drawing retired pay themselves. Is that right to the rest of the population of the country?

Mr. KEARNS. What would the gentleman say to this: These men have been employed there for over a year and a half. The Comptroller General has rendered an opinion only recently, and under that opinion the order has gone out that these men shall pay back every nickel that they have received under their employment there for a year and a half.

Mr. BLANTON. That is exactly what the Members of Congress did when they enlisted in the service during the war. They did not draw the two salaries; they waived one.

Mr. KEARNS. But this Congress has enacted into law this provision that I have read caring for the retired officers. Congress always does take care of the man higher up.

Mr. BLANTON. We applied this to General Harbord this morning in this very bill.

Mr. KEARNS. The general law does not apply to these retired officers; but if he be a poor enlisted man, then there are some men in this House who are always found ready to object to the enlisted man getting anything.

Mr. BLACK. Inasmuch as I interrupted the gentleman with a question, I would say that I would not favor the provision in the law. I did not vote for it. I do not believe in a man drawing more than one salary from the Government. If he is drawing a retired salary and has gone back on the active list, then I think he ought to get the pay of the active list.

Mr. KEARNS. Then why permit men who are on the pension rolls at a high pension to draw salaries? Some men are on the pension rolls for more than these men receive as retired salary, and yet they are employed throughout the Government service.

Mr. BLACK. I do not look upon a pension in the same way as I look upon retired pay.

Mr. KEARNS. The effect on the Treasury and the principle are the same. These men have gone into the service and as enlisted men have gone through the Spanish-American War, the Philippine insurrection, and have rendered valuable service to their country, for which they have been retired. This amendment ought to become a law at once, because if not these 12 men will be required to pay back something like \$4,000 each, something that none of them is able to do. As employees of the War Risk Bureau they have rendered service to the United States, a better service than any other 12 men could have rendered because of their peculiar knowledge.

Mr. BLACK. If the gentleman will allow just this suggestion, I will not interrupt him any more and will get him more time if he wishes it. As far as I am concerned, I would be perfectly willing to vote for a provision such as we adopted in reference to the pay of civilian employees who had been retired under the civil service retirement act—that is, permit men to draw the salary of the active position which they were holding but not retired pay.

Mr. ROACH. Will the gentleman yield?

Mr. KEARNS. I will.

Mr. ROACH. These 12 employees in the Veterans' Bureau coming within the decision which the gentleman says was rendered by the comptroller to repay their salaries, if they elected to pay back to the Government their retirement pay instead of their salaries, would not that remedy the situation?

Mr. KEARNS. No. That official has rendered a decision that the employment in the Veterans' Bureau from the beginning was void.

Mr. ROACH. It seems to me if they elected to pay back their retirement pay rather than the salary that would remedy the situation.

Mr. KEARNS. It will not cure the opinion rendered by the Comptroller General, and he seems to be the highest authority on that subject—the last word, I should say.

Mr. FIELDS. Will the gentleman yield?

Mr. KEARNS. I will.

Mr. FIELDS. I understood the gentleman to say that commissioned officers on the retired list had been extended the same protection of law that he now seeks for these men?

Mr. KEARNS. Absolutely.

Mr. FIELDS. And the policy Congress has adopted has extended that protection—

Mr. KEARNS. Discriminating in favor of the retired officer.

Mr. FIELDS. In favor of the commissioned officer as against the enlisted man who has served 30 years?

Mr. KEARNS. The gentleman from Kentucky has grasped the point entirely.

Mr. FIELDS. Well, I am never in favor of discriminating against the enlisted man in favor of the man who has the better job.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BLANTON. Mr. Chairman, I ask for recognition on the reservation of the point of order. Mr. Chairman, if it were not for discriminating against the enlisted man as in favor of the officer, I would make the point of order against this amendment, because I am not in favor of any man drawing two salaries. But I am in favor of amending that law that the gentleman read and providing like we did this morning in reference to General Harbord, who has joined this big corporation and is to be its head when he retires. We have kept him from drawing his salary then from this Government. We ought to prevent any employee of this Government from drawing two salaries, but, as the gentleman says, it is an inequity that we are holding against the enlisted man in favor of the officer, and I am not willing to continue that inequitable action against the enlisted man. But I want to call the attention of the gentleman from Ohio to this fact that he has opened the doors not merely to these 12 men in the Veterans' Bureau, but he has opened the doors to 5,793 other men who might be in the same fix. There are 5,793 of them who could keep on drawing their \$92 per month from this Government in retired pay and then hold their other office at \$3,000 to \$3,500 a year from the Government in another department, and thereby deprive other deserving American citizens from taking those jobs.

Mr. KEARNS. But they have a job; there are only 12 in the service.

Mr. BLANTON. There could be 5,793 of them, if they could get such offices, because there are 5,793 enlisted men on retired pay.

Mr. KEARNS. Hardly that. All of these 12 men are retired noncommissioned officers, and they have the technical knowledge that the ordinary enlisted man has not.

Mr. BLANTON. Yes; and because of that I am not going to make a point of order.

Mr. KEARNS. I thank the gentleman.

Mr. BLANTON. I want to say this, however, that the gentleman from Ohio ought not to stop until he gets that statute repealed that permits any officer on retired pay to hold another big job and draw another big salary from the Government. The fundamental idea of retired pay is to reward a man who is not able to make his own way. That is the idea, that after a long service, when he gets to where he can not earn his own way, to take care of him. It does not contemplate an able-bodied man; an able-minded man shall leave the service on retired pay and then draw a big salary in another department of the Government. It is not right and ought to be stopped.

Mr. FIELDS. Mr. Chairman, I am of the opinion we should have a general statute that would provide that when any retired officer or enlisted man accepts a position with the Government of the United States that he should receive the compensation for that position less his retirement pay, to go back to his retired status when his services are concluded in that

position; but, as I understand it, that is not the law at this time. But here is an emergency. Here are 12 men who served the Government in the capacity of enlisted men until they gained their retirement right. They were employed in the Veterans' Bureau because of their particular knowledge of that character of work which they were called upon to perform. They are performing that work and have received the compensation, and I suppose like the most of us have expended it for living, and now because of this ruling they are called upon to return this money to the Treasury. It is a hardship upon them that the Congress should not pass over lightly.

As I said in the beginning, I think we should have a general statute that where any officer or enlisted man accepts a Government position he should receive the compensation that goes with that position less his retirement pay, to revert back to his retired status when his services in that particular position are discontinued. As I previously stated, that is not the case, and if Congress does not extend relief to these 12 men they are confronted with a great hardship, a hardship that doubtless they are unable to meet. I trust that in the interest of fairness and justice the amendment of the gentleman from Ohio [Mr. KEARNS] will be adopted.

Mr. STAFFORD. Mr. Chairman, on the reservation of a point of order, I wish to say that it has been the policy of the Government always that where an Army officer, retired or active, fills a civilian position the money that he is receiving by reason of his holding an Army position should be credited to that attached to the civilian position.

There is a principle involved in the amendment offered by the gentleman from Ohio [Mr. KEARNS]. He seeks not only to validate the salaries that have heretofore been paid to these men—these retired noncommissioned officers—but he seeks to recognize a principle never before recognized by the Government—that where a man is on retired pay he shall not only receive the civilian salary, but he shall receive the civilian salary plus the retired pay.

What is the rule, so far as the War Department is concerned, when retired Army officers come back into active service? He gets not the retired pay and also the active pay; he gets merely the pay of the rank he fills while he is performing active duty. Take, for instance, the case cited by the gentleman from Texas [Mr. BLACK]. If you allow this amendment to go into effect, these men when they become of retired age will be entitled to a double retirement pay—retirement by reason of their having served 30 years or more in the Army as enlisted men, and also retirement under the general civil list retirement law.

This is a matter of too broad a scope to be considered at this time, and I feel constrained, for the reason stated, to make the point of order that it is legislation upon an appropriation bill.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] makes the point of order against the amendment. It is clearly and avowedly legislation, and therefore the Chair sustains the point of order.

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Arkansas moves to strike out the last word.

Mr. WINGO. Mr. Chairman, the discussion that has just taken place suggests to my mind some facts that sooner or later Congress is going to have to face. There are over 5,000 of these retired enlisted men drawing an average retirement pay of over \$90 per month. I wonder who on the Committee on Military Affairs or who on the Committee on Appropriations can tell me how many retired officers we have and what the total pay is for them per year?

Mr. STAFFORD. There were 1,659 retired officers on June 30 last. At the present time there are 1,708.

Mr. WINGO. What is the total salary drawn?

Mr. STAFFORD. Last year the total pay was \$6,000,000, and now they have asked for an additional amount, which will make \$7,000,000, as recommended by the subcommittee.

Mr. WINGO. How many reserve officers not on active duty?

Mr. STAFFORD. I said there were 1,708. That was on June 30. There were on December 31, 2,192.

Mr. WINGO. Now, can the gentleman tell me how many reserve officers there are now who are drawing salaries, and what the total pay of that group is?

Mr. STAFFORD. It is estimated that next year the appropriation for that purpose—commissioned officers we are speaking about, not noncommissioned—will be \$7,000,000 for retired pay, not for reserves but retired pay.

Mr. WINGO. I am talking about reserve officers in civil life now drawing salaries.

Mr. STAFFORD. There are no reserve officers, or very few, drawing retired pay, or pay while filling a civilian position. The only time when reserve officers are paid is while attending military camps. They get the pay of their grade. Or they are paid when they go to Army schools for three months. They then get their pay and allowances.

Mr. WINGO. In other words, take a lawyer, practicing law in my own town, a reserve officer. You say he gets no salary except when he goes to a camp?

Mr. STAFFORD. He does not.

Mr. WINGO. The gentleman is sure of that?

Mr. STAFFORD. Yes. There are a few reserve officers assigned to military camps and camps of instruction.

Mr. WINGO. How many persons are retired under the civil service law, and what is the total pay roll on that, estimated for next year?

Mr. STAFFORD. This committee has not jurisdiction over the civil-service list.

Mr. WINGO. I am not trying to get into controversy with the committee. I want to call attention to the fact that you have a growing number of people who, by reason of some connection with the Federal pay roll, become for all practical purposes pensioners, whether they be disabled or not, by reason of length of service or other things. That is growing. It is going to continue to grow. And yet Congress, which has done that, says that men who in the early days out in the Indian Territory performed a practical military service are not eligible to pensions. They throw up their hands in holy horror when there are some who wish to pension those men, among whose ranks there was a greater casualty in percentage than in any Army that the United States has ever placed upon the field of battle.

You say to them, "You can not be pensioned in your old age, when helpless and crippled, although you risked your life out in the Indian Territory under a special law and under the orders of a special court and did a special service in place of military troops," and yet you have one of the sons of such a man drawing pay as a retired civilian employee. Oh, you say, it violates the democratic principle of government when you say you are going to put an ex-United States marshal, for example, on a pension roll. I wonder what these gentlemen are going to do who are building up this civil retirement list. I wonder what they will do about old-age pensions. Do you think you can pension those who have been favored by holding public positions and hope to escape the demands of those who have become broken and disabled upon life's far-flung battle line and have become public charges upon the charity of their communities? I wonder how you are going to meet that.

A few days ago we saw in the paper the statement of a coal dealer or some one else in the city of Washington with reference to the Government fuel yard. We put through a proposition for the joint purchasing of fuel for the departments of the Government. This newspaper article stated that over 600 private families in this city are served with coal from this Government coal yard simply because of their connection with the Army and the Navy. Another case of special favors for a special class. You are going to have to meet these propositions sooner or later, and you are going to have to put on greater restrictions or else provide a general law that will provide old-age pensions equal to that you pay those who have been favored by public office, either civil or military.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

SIGNAL CORPS.

SIGNAL SERVICE OF THE ARMY.

Telegraph and telephone systems: Purchase, equipment, operation, and repair of military telegraph, telephone, radio, cable, and signaling systems; signal equipment and stores, heliographs, signal lanterns, flags, and other necessary instruments; wind vane, barometers, anemometers, thermometers, and other meteorological instruments; photographic and cinematographic work performed for the Army by the Signal Corps; motor cycles, motor-driven and other vehicles for technical and official purposes in connection with the construction, operation, and maintenance of communication or signaling systems, and supplies for their operation and maintenance; professional and scientific books of reference, pamphlets, periodicals, newspapers, and maps for use in the office of the Chief Signal Officer and the Signal Corps School, Camp Alfred Vail, N. J.; telephone apparatus, including rental and payment for commercial, exchange, message, trunk-line, long-distance, and leased-line telephone service at or connecting any post, camp, cantonment, depot, arsenal, headquarters, hospital, aviation station, or other office or station of the Army, excepting local telephone service for the various bureaus of the War Department in the District of Columbia, and toll messages pertaining to the office of the Secretary of War; electric time service; the rental of commercial telegraph lines and equipment and their operation at or connecting any post, camp, cantonment, depot, arsenal, headquarters, hospital, aviation station, or other office or station of the Army, including payment for individual telegraph messages transmitted over commercial lines; elec-

trical installations and maintenance at military posts, cantonments, camps, and stations of the Army, fire control and direction apparatus and matériel for Field Artillery; salaries of civilian employees, including those necessary as instructors at vocational schools; supplies, general repairs, reserve supplies, and other expenses connected with the collecting and transmitting of information for the Army by telegraph or otherwise; experimental investigation, research, purchase and development or improvements in apparatus, and maintenance of signaling and accessories thereto, including patent rights and other rights thereto, including machines, instruments, and other equipment for laboratory and repair purposes; tuition, laboratory fees, etc., for Signal Corps officers detailed to civilian technical schools for the purpose of pursuing technical courses of instruction along Signal Corps lines; lease, alteration, and repair of such buildings required for storing or guarding Signal Corps supplies, equipment, and personnel when not otherwise provided for, including the land therefor, the introduction of water, electric light and power, sewerage, grading, roads and walks, and other equipment required, \$1,875,000: *Provided*, That not to exceed \$475,000 from this appropriation may be expended for salaries and wages of civilian employees, the foregoing limitation not to apply to temporary labor necessary in carrying out authorized construction or repair projects nor mechanics or labor employed on the manufacture or repair of Signal Corps apparatus in Signal Corps shops or laboratories; not to exceed \$475,000 may be expended for commercial and existing Government-owned telephone and telegraph service; not to exceed \$500,000 may be expended for signal equipment for organizations; not to exceed \$5,000 may be expended for pigeon service; not to exceed \$75,000 may be expended for photographic and cinematographic service; and not to exceed \$75,000 may be expended for the operation and maintenance of Camp Alfred Vail.

Mr. ROACH. Mr. Chairman, I move to strike out the last word, for the purpose of asking the chairman of the subcommittee for some information. This section for the Signal Corps carries a number of large appropriations for the signal service of the Army. I should like to ask how the appropriations under this subdivision compare with the appropriations for last year.

Mr. ANTHONY. Under the different items of the paragraph the gentleman refers to there has been an increase in research work from \$60,000 to \$70,000. In meteorological work there has been an increase from \$20,000 to \$30,000. For equipping Army transports with improved radio we have increased the appropriation from \$6,000 to \$16,000.

Mr. ROACH. What is the expenditure for radio service now?

Mr. ANTHONY. All through the Army?

Mr. ROACH. Yes.

Mr. ANTHONY. It would be very difficult to arrive at that. For the information of the gentleman I will state that in former years the expense of the telephone and telegraph service of the Army was tremendously large. It reached over half a million dollars. We have been pruning down these appropriations from year to year, and the Signal Corps has met the necessity for lessening this expense by installing radio communication to supplement the commercial telegraph and telephone, so that now in this country the Army transacts its business from post to post almost entirely by the use of radio. It has a complete interdepartmental radio system installed, operated by the Signal Corps.

Mr. ROACH. I only wanted to bring out what developments and improvements had been made in the radio service within the last year.

Mr. ANTHONY. I can not give the gentleman the information from the scientific standpoint, except from statements made to us by officers of the Signal Corps, that practically all the radio equipment we acquired during the war is out of date, and they claim that they are under the necessity of replacing with up-to-date equipment much of that which was acquired within the last few years.

Mr. ROACH. I take it that the gentleman's committee will look with favor on liberal appropriations for radio service.

Mr. ANTHONY. I believe we should keep up to date in that respect.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment. I will say to the gentleman from Missouri that the proposed appropriation of \$1,875,000 for the Signal Corps is the estimate of the department.

I was greatly interested in the exposition that was made by the representatives of the Signal Corps as to their elaborate system of radio communication reaching from Washington to the Pacific coast. They have a main trunk line established right across the country, with branch headquarters, with one main artery leading to Indianapolis and another one to Leavenworth and going on right across the country through Chicago, Omaha, and across the mountains to San Francisco. The radio, however, has not been found to be successful in communication between the State of Washington and Alaska, because of atmospheric conditions there. In this bill later on you will find that the committee have recommended an appropriation of \$750,000 for the laying of a new cable, and an authorization for an additional \$750,000. Last year members of the subcommittee were rather skeptical as to whether a new cable was necessary to replace the old one. The advances that

had been made in radio communication would, some thought, supplant the use of the cable system. But upon special inquiry made of representatives of the Signal Corps it was stated that it would cost more to establish sufficient radio service to do the work of communication between Seattle and Alaska than the cost of a new cable would be.

The Signal Corps service of the Army is one of the most interesting branches. In fact, all the activities of the War Department are most interesting to a sifter-by as the officers in charge of the various branches testify to the improvements that are going on from time to time. No improvements are so marked and rapid as those in the radio service. The testimony is that the invention of to-day is virtually obsolete tomorrow, so rapid have been the strides. It will be interesting to the gentleman and to the House to know that even in ordnance many of the bombs that were used in air attacks during the World War are absolutely obsolete. Most of the munitions that were in use in the World War have become obsolete for present use. We have availed ourselves to the full of all the valuable information that our Army officers obtained in their observations in the World War, and we are going on only in the slightest experimental way to take advantage of all these modern improvements.

Mr. ROACH. I am glad to have the benefit of the observation which has just been made by the gentleman from Wisconsin and to know that the members of the committee are likewise interested in this important work. I am glad to know that it is receiving the attention of the committee and at the hands of the department as well as at the hands of the committee.

Mr. STAFFORD. We have not cut down the appropriation one cent.

Mr. ROACH. I was interested to know, and felt that the country would be interested to know, that the appropriation for adequate installation has been made.

Mr. Sisson. Mr. Chairman, I want to make one single observation. The radio of last year as compared with the radio of this year is about like comparing a wheelbarrow to a Pierce-Arrow. [Laughter.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

AIR SERVICE.
AIR SERVICE, ARMY.

For creating, maintaining, and operating at established flying schools and balloon schools courses of instruction for officers, students, and enlisted men, including cost of equipment and supplies necessary for instruction, purchase of tools, equipment, materials, machines, textbooks, books of reference, scientific and professional papers, instruments and materials for theoretical and practical instruction; for maintenance, repair, storage, and operation of airships, war balloons, and other aerial machines, including instruments, materials, gas plants, hangars, and repair shops, and appliances of every sort and description necessary for the operation, construction, or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith and the establishment of landing and take-off runways; for purchase of supplies for securing, developing, printing, and reproducing photographs in connection with aerial photography; improvement, equipment, maintenance, and operation of plants for testing and experimental work, and procuring and introducing water, electric light and power, repair of such utilities at such plants; for the acquisition of land or interest in land by purchase, lease, or condemnation where necessary to explore for, procure, or reserve helium gas, and also for the purchase, manufacture, construction, maintenance, and operation of plants for the production thereof and experimentation therewith; salaries and wages of civilian employees as may be necessary, and payment of their traveling and other necessary expenses as authorized by existing law; transportation of materials in connection with consolidation of Air Service activities; experimental investigation and purchase and development of new types of aircraft, accessories thereto, and aviation engines, including patents and other rights thereto, and plans, drawings, and specifications thereof; for the purchase, manufacture, and construction of airships, balloons, and other aerial machines, including instruments, gas plants, hangars, and repair shops, and appliances of every sort and description necessary for the operation, construction, or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith; for the marking of military airways where the purchase of land is not involved; for the purchase, manufacture, and issue of special clothing, wearing apparel, and similar equipment for aviation purposes; for all necessary expenses connected with the sale or disposal of surplus or obsolete aeronautical equipment, and the rental of buildings and other facilities for the handling or storage of such equipment; for the services of such consulting engineers at experimental stations of the Air Service as the Secretary of War may deem necessary, including necessary traveling expenses; purchase of special apparatus and appliances, repairs and replacements of same used in connection with special scientific medical research in the Air Service; for maintenance and operation of such Air Service printing plants outside of the District of Columbia as may be authorized in accordance with law; for publications, station libraries, special furniture, supplies and equipment for offices, shops, and laboratories; for special services, including the salvaging of wrecked aircraft, \$12,426,000: *Provided*, That not to exceed \$2,500,000 from this appropriation may be expended for pay and expenses of civilian employees other than those employed in experimental and research work; not exceeding \$500,000 may be expended for experimentation, conservation, and production of helium; not exceeding \$3,000,000 may be expended for experimental and research work with

airplanes or lighter-than-air craft and their equipment, including the pay of necessary civilian employees: *Provided*, That not less than \$50,000 of this amount shall be used for continuation of airplane bombing tests against obsolete naval craft; not exceeding \$500,000 may be expended for the production of lighter-than-air equipment; and not exceeding \$300,000 may be expended for improvement of stations, hangars, and gas plants for the Regular Army: *Provided further*, That not less than \$2,646,000 shall be expended for the production and purchase of new airplanes and their equipment, spare parts, and accessories: *Provided further*, That claims not exceeding \$250 in amount for damages to persons and private property resulting from the operation of aircraft at home and abroad may be settled out of the funds appropriated hereunder when each claim is substantiated by a survey report of a board of officers appointed by the commanding officer of the nearest aviation post and approved by the Chief of Air Service and the Secretary of War: *Provided further*, That claims so settled and paid from the sum hereby appropriated shall not exceed in the aggregate the sum of \$4,000: *Provided further*, That section 3648, Revised Statutes, shall not apply to subscriptions for foreign and professional newspapers and periodicals to be paid for from this appropriation.

Mr. ROACH. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee if he will make some statement and give the committee some information in relation to the activities of the Air Service work that is being carried on in this subdivision.

Mr. ANTHONY. In regard to the appropriation for the Air Service, we have allowed the estimate submitted by the Budget, except that we have reduced the item for experimental development at the Dayton plant about \$200,000. We allowed them in full the amount they asked for new production.

Mr. ROACH. To what degree of success and improvement is the work being carried on?

Mr. ANTHONY. The work at the Dayton plant has been toward the development of a new engine. They have made a marked advance in the development of airships along the line toward an all-metal type of plane. The plane of the future, that will be manufactured under this appropriation, will be an all-metal type. For instance, it is proposed to expend for new production—the major item will be 48 pursuit planes that will cost \$15,000 each. This will be one of three types they have under consideration at this time. There will be 152 observation planes costing \$12,500 each that will involve a total of \$2,640,000. In addition to that they are going to build three lighter-than-air ships, type C, of 200,000 cubic feet capacity, costing \$72,000 each, and another costing \$70,000. They are for observation purposes. The total for lighter-than-air ships is \$350,000. To remodel Liberty engines they will utilize a considerable amount. It costs about \$1,000 to remodel a Liberty engine. That is in substance how they propose to expend this appropriation.

Mr. ROACH. I thank the gentleman for the information.

Mr. ANTHONY. It is interesting to know that last year we found that in reference to the previous year's appropriation of \$3,000,000 for new production for Air Service the War Department was frank enough to tell us that they had not been able to expend the money because they had been unable to decide on the proper type of plane. Now they feel that they have reached a point where they are able to go ahead. They have obligated the money they had last year, and together with that of this year they will use in this work.

Mr. ROACH. I thank the gentleman.

Mr. HILL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HILL: Page 49, line 19, after the word "appropriation," change the period to a colon and add the following: "*Provided further*, That hereafter actual and necessary expenses of warrant officers and enlisted men traveling by air in connection with aviation shall be paid from the appropriation for the work in connection with which the travel is performed."

Mr. HICKS and Mr. BLANTON reserved a point of order.

Mr. HILL. Mr. Chairman, I should like to ask the chairman of the committee in reference to this amendment—it is clearly a limitation and a proper limitation. Would not that be the effect of it?

Mr. ANTHONY. In my opinion, the amendment along the line of a proper accounting by charging to the individual appropriation the expenditure pertaining thereto is desirable. All the other branches of the service have the right to charge the traveling expenses attached thereto, except the Air Service. It is a new form of travel and communication, and this is being asked for by the Air Service.

Mr. HICKS. Mr. Chairman, I am in great sympathy with the merits of the proposition. I believe it is one that should be enacted into law. I have investigated it as far as the Navy is concerned, and I think the proposition is fair and just; but in protecting as well as I can the procedure of the House in regard to legislation on an appropriation bill, I shall make the point of order on the ground that the word "hereafter" provides for permanent legislation in violation of the rule against legislation on appropriation bills.

The CHAIRMAN. The Chair sustains the point of order.
The Clerk read as follows:

The services of aeronautical engineers, skilled draftsmen, and such technical and other services as the Secretary of War may deem necessary may be employed only in the office of the Chief of Air Service to carry into effect the various appropriations for aeronautical purposes, to be paid from such appropriations, in addition to the foregoing employees appropriated for in the office of the Chief of Air Service: *Provided*, That the entire expenditure for this purpose for the fiscal year 1924 shall not exceed \$90,000, and the Secretary of War shall each year in the Budget report to Congress the number of persons so employed, their duties, and the amount paid to each.

Mr. ANTHONY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 13793, the Army appropriation bill, and had come to no resolution thereon.

SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees as indicated below:

S. 3384. An act authorizing an appropriation to meet proportionate expenses of providing a drainage system for Paiute Indian lands in the State of Nevada within the Newlands reclamation project of the Reclamation Service; to the Committee on Indian Affairs.

S. 4029. An act amendatory of and supplemental to an act entitled "An act to incorporate the Texas Pacific Railroad Co. and to aid in the construction of its road, and for other purposes," approved March 3, 1871, and acts supplemental thereto approved, respectively, May 2, 1872, March 3, 1873, and June 22, 1874; to the Committee on Interstate and Foreign Commerce.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.) the House adjourned until to-morrow, Thursday, January 18, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

912. A letter from the Comptroller General of the United States, transmitting a draft of proposed legislation to amend section 1709 of the Revised Statutes of the United States as amended by the act of March 3, 1911; to the Committee on Foreign Affairs.

913. A letter from the Secretary of War, transmitting a draft of proposed legislation fixing the total cost of officers' quarters at \$18,000 for a general officer, \$15,000 for a colonel or an officer above the rank of captain, or \$12,000 for an officer of or below the rank of captain (H. Doc. No. 534); to the Committees on Military Affairs and Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. FOCHT: Committee on the District of Columbia. S. J. Res. 247. A joint resolution authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia, June 5, 6, and 7, 1923, and for other purposes; with amendments (Rept. No. 1422). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEENERS: Committee on the Post Office and Post Roads. H. R. 13714. A bill to extend the insurance and collection-delivery service to third-class mail, and for other purposes; without amendment (Rept. No. 1423). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HICKS: A bill (H. R. 13851) providing for the purchase of a site and the erection of a public building at Sayville, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13852) providing for the purchase of a site and the erection of a public building at Sag Harbor, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13853) providing for the purchase of a site and the erection of a public building at Riverhead, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13854) providing for the purchase of a site and the erection of a public building at Port Jefferson, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13855) providing for the purchase of a site and the erection of a public building at Northport, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13856) providing for the purchase of a site and the erection of a public building at Huntington, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13857) providing for the purchase of a site and the erection of a public building at Greenport, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13858) providing for the purchase of a site and the erection of a public building at Patchogue, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13859) providing for the purchase of a site and the erection of a public building at Bay Shore, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13860) providing for the purchase of a site and the erection of a public building at Babylon, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13861) providing for the purchase of a site and the erection of a public building at Amityville, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13862) providing for the purchase of a site and the erection of a public building at Port Washington, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13863) providing for the purchase of a site and the erection of a public building at Hicksville, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13864) providing for the purchase of a site and the erection of a public building at Farmingdale, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13865) providing for the purchase of a site and the erection of a public building at Oyster Bay, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13866) providing for the purchase of a site and the erection of a public building at Mineola, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13867) providing for the purchase of a site and the erection of a public building at Rockville Center, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13868) providing for the purchase of a site and the erection of a public building at Hempstead, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13869) providing for the purchase of a site and the erection of a public building at Freeport, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13870) providing for the purchase of a site and the erection of a public building at Glen Cove, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13871) providing for the purchase of a site and the erection of a public building at Flushing, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13872) providing for the purchase of a site and the erection of a public building at Woodmere, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13873) providing for the purchase of a site and the erection of a public building at Long Beach, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13874) providing for the purchase of a site and the erection of a public building at Lynbrook, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13875) providing for the purchase of a site and the erection of a public building at Lawrence, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13876) providing for the purchase of a site and the erection of a public building at Cedarhurst, N. Y.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13877) providing for the purchase of a site and the erection of a public building at Great Neck, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. McFADDEN: A bill (H. R. 13878) to amend the last paragraph of section 10 of the Federal reserve act as amended by the act of June 3, 1922; to the Committee on Banking and Currency.

By Mr. HICKEY: A bill (H. R. 13879) to amend paragraph 1101 of Schedule 11 of the act entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes," approved September 21, 1922; to the Committee on Ways and Means.

By Mr. ROGERS: A bill (H. R. 13880) for the reorganization and improvement of the foreign service of the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. LINEBERGER: A bill (H. R. 13881) to exempt from cancellation certain desert-land entries in Riverside County, Calif.; to the Committee on the Public Lands.

By Mr. WINSLOW: A bill (H. R. 13882) to amend the act entitled "An act to establish a commission to be known as the United States Coal Commission for the purpose of securing information in connection with questions relative to interstate commerce in coal, and for other purposes," approved September 22, 1922; to the Committee on Interstate and Foreign Commerce.

By Mr. SINCLAIR (by request): A bill (H. R. 13883) to provide adjusted compensation for veterans of the World War, and providing revenue to pay claims that may arise and be made valid and payable by this act, and authorizing and directing the Secretary of the Treasury to purchase silver bullion at a market value hereby fixed, and coin standard silver dollars therefrom, and setting aside the seigniorage arising out of the proportion of difference between the bullion value thereof and the coin value thereof, providing for issuing legal-tender coin certificates, and providing means for redemption thereof; to the Committee on Ways and Means.

By Mr. BALDWIN: A bill (H. R. 13884) to amend the Federal highway act of November 9, 1921, as amended by the act of June 19, 1922, extending the provisions thereof to the Territory of Hawaii; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 13885) granting an increase of pension to Mary L. Cory; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 13886) granting a pension to Marie F. Manns; to the Committee on Pensions.

By Mr. CHALMERS: A bill (H. R. 13887) granting a pension to Maude L. Vinson; to the Committee on Invalid Pensions.

By Mr. COLE of Ohio: A bill (H. R. 13888) granting a pension to John Herndon; to the Committee on Invalid Pensions.

By Mr. FAIRFIELD: A bill (H. R. 13889) granting a pension to Caroline M. Fleming; to the Committee on Invalid Pensions.

By Mr. GORMAN: A bill (H. R. 13890) for the relief of Thomas Mabury or Mebri; to the Committee on Military Affairs.

Also, a bill (H. R. 13891) appointing Charles H. Slack to the grade of chief engineer on the retired list; to the Committee on Naval Affairs.

By Mr. GREENE of Massachusetts: A bill (H. R. 13892) for the relief of Mary C. Busiere; to the Committee on Claims.

Also, a bill (H. R. 13893) for the relief of Ralph W. Clapp; to the Committee on Claims.

By Mr. KELLER: A bill (H. R. 13894) for the relief of the Canadian Pacific Railway Co.; to the Committee on Claims.

By Mr. LAWRENCE: A bill (H. R. 13895) granting a pension to William Schuetz; to the Committee on Invalid Pensions.

By Mr. LUHRING: A bill (H. R. 13896) granting a pension to Annie M. Fay; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13897) granting a pension to Nancy A. Gordon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13898) granting a pension to Minerva Lane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13899) granting a pension to Aaron N. Montgomery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13900) granting a pension to Caroline K. Nester; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13901) granting a pension to Sophia Skaggs; to the Committee on Invalid Pensions.

By Mr. McPHERSON: A bill (H. R. 13902) granting a pension to Matilda D. Bell; to the Committee on Invalid Pensions.

By Mr. MAGEE: A bill (H. R. 13903) for the relief of the New York State Fair Commission; to the Committee on Claims.

By Mr. MAPES: A bill (H. R. 13904) granting a pension to May Edgeler; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 13905) granting an increase of pension to Catharine Anderson; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 13906) granting a pension to Wilhelmina S. Brand; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6867. By the SPEAKER (by request): Resolution adopted by the Illinois State Federation of Labor, urging the United States to recognize the present Government of Mexico; to the Committee on Foreign Affairs.

6868. By Mr. CLAGUE: Petition of the citizens of Brown County, Minn., and of Watonwan County, Minn., to abolish discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6869. Also, petition of citizens of the counties of Brown, Blue Earth, Jackson, and Watonwan, that relief be extended to the peoples now residing in the famine-stricken districts of the German and Austrian Republics; to the Committee on Foreign Affairs.

6870. By Mr. COLE of Ohio: Petition of citizens of Crawford County, Ohio, requesting the Government of the United States to aid the indigent people of Germany and Austria; to the Committee on Foreign Affairs.

6871. By Mr. HOCH: Petition signed by Conrad Vogel and 139 others, residents of Marion County, Kans., urging the passage of joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6872. By Mr. KINDRED: Petition of John J. McKee, of the United States Immigration Service, favoring legislation to facilitate commerce by providing extra pay for officers stationed at the borders when they are on duty at unusual hours; to the Committee on Immigration and Naturalization.

6873. Also, petition of New York Harbor Protective and Development Association, urging a larger appropriation for the maintenance and construction of the necessary waterway developments of the whole country; to the Committee on Rivers and Harbors.

6874. Also, resolution adopted by the Society of Colonial Wars in the State of New York, favoring a Regular Army at not less than a minimum of 13,000 officers and 150,000 enlisted men; to the Committee on Military Affairs.

6875. By Mr. KISSEL: Petition of New York State Division, the Association Against the Prohibition Amendment, New York City, N. Y., urging repeal of the Volstead Act; to the Committee on the Judiciary.

6876. By Mr. LAYTON: Petition of citizens of Delaware, for the abolition of the discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6877. By Mr. MAPES: Resolutions of Arthur J. Thomas and others, of Grand Rapids, Mich., for the repeal of the tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6878. By Mr. NEWTON of Minnesota: Petition of Mr. H. F. Wernecke and other residents of Minneapolis, Minn., petitioning support of joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6879. By Mr. SINCLAIR: Petition of George Barrow, Joseph Fitzgerald, and W. A. Priess, on behalf of the Garrison Farm Loan Association, Garrison, N. Dak., condemning House bill 13125, excepting the section providing for an increase in loan limits; also expressing disapproval of House bill 13196; to the Committee on Banking and Currency.

6880. Also, petition of Benedict Farm Loan Association, Benedict, N. Dak., condemning the Strong bill (H. R. 13125) excepting as to the section increasing the limit on loans from \$10,000 to \$25,000; to the Committee on Banking and Currency.

6881. Also, petition of Bergen National Farm Loan Association, Bergen, N. Dak., opposing the passage of House bill 13125 and Senate bill 4130, to amend the Federal farm loan act; to the Committee on Banking and Currency.

6882. Also, petition of Bowbells National Farm Loan Association, Bowbells, N. Dak., condemning the Strong bill, H. R. 13125, which seeks to amend six sections of the Federal farm loan act; to the Committee on Banking and Currency.

6883. Also, petition of Cando Farm Loan Association, Cando, N. Dak., opposing legislation to amend the Federal farm loan act, except as to permitting an increase of the limits of loans; to the Committee on Banking and Currency.

6884. Also, petition of the Carson National Farm Loan Association, Carson, N. Dak., protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6885. Also, petition of Columbus National Farm Loan Association, Columbus, N. Dak., protesting against the passage of any legislation which would take control of the Federal land

bank system out of the hands of the members who furnished the capital stock, and in particular against House bill 13125; to the Committee on Banking and Currency.

6886. Also, petition of Ellendale National Farm Loan Association, Ellendale, N. Dak., opposing parts of House bills 13125 and 13196; to the Committee on Banking and Currency.

6887. Also, petition of Frank Frank and 54 others, of Taylor and Lefor, N. Dak., in favor of extending aid to the famine-stricken peoples of Germany and Austria; to the Committee on Foreign Affairs.

6888. Also, petition in the form of a letter from O. A. Hagen, secretary-treasurer of the Berthold National Farm Loan Association, Berthold, N. Dak., on behalf of the members of the association, protesting against the passage of the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6889. Also, petition in the form of a letter from S. G. Hedahl, Alamo, N. Dak., on behalf of the stockholders of the Alamo Farm Loan Association, opposing the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6890. Also, petition in the form of a letter from S. H. Hesla, secretary-treasurer of the White Earth National Farm Loan Association, White Earth, N. Dak., on behalf of that association, protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6891. Also, petition in the form of a letter from Nick A. Lefor, Lefor, N. Dak., secretary-treasurer of the Lefor Farm Loan Association, expressing the disapproval of that organization of the Strong bill, which proposes certain changes in the Federal farm loan act; to the Committee on Banking and Currency.

6892. Also, petition of J. B. Meyers, secretary-treasurer of the Grano National Farm Loan Association, Grano, N. Dak., opposing House bill 13125; to the Committee on Banking and Currency.

6893. Also, petition in the form of a letter from John T. Neville, secretary-treasurer of the Eastern Bottineau County Farm Loan Association, Bottineau, N. Dak., expressing the opposition of that association to the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6894. Also, petition of the members of the New Salem National Farm Loan Association, New Salem, N. Dak., unanimously opposing the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6895. Also, petition of Northern Griggs County National Farm Loan Association, Binford, N. Dak., opposing the passage of House bill 13125, known as the Strong bill; to the Committee on Banking and Currency.

6896. Also, petition in the form of a letter from A. J. Ross, secretary-treasurer of the Stanley Farm Loan Association, Stanley, N. Dak., requesting Senators and Representatives in Congress to oppose all changes in the Federal farm loan act except one which would increase the loan limit from \$10,000 to \$25,000; to the Committee on Banking and Currency.

6897. Also, petition of the directors of the Southeast Slope National Farm Loan Association, Scranton, N. Dak., protesting against the passage of the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6898. Also, petition of A. F. Thompson, J. A. Bartell, and A. N. Wing, of Van Hook, N. Dak., a committee appointed to represent the Van Hook National Farm Loan Association, urging the establishment of a Government agency which will assure farmers the cost of production; also protesting against any legislation looking to changes in the Federal farm loan act, and especially the Strong bill; to the Committee on Banking and Currency.

6899. Also, petition of the directors and stockholders of the Glen Ullin National Farm Loan Association, Glen Ullin, N. Dak., protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6900. Also, petition of Underwood Farm Loan Association, Underwood, N. Dak., favoring the passage of rural credits legislation for the relief of agriculture; also protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6901. By Mr. TINKHAM: Resolution adopted at convention of Sportsmen's Clubs of Massachusetts, favoring the passage of House bill 5823; to the Committee on Agriculture.

6902. By Mr. WILLIAMSON: Petition of Elmer Stabenow and other citizens, of Dupree, S. Dak., favoring a joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6903. By Mr. WYANT: Petition of Fort Ligonier Chapter, No. 349, members of Order of Eastern Star, and citizens of Pennsylvania, asking for passage of the Towner-Sterling bill for the

creation of a department of education; to the Committee on Education.

6904. Also, petition of Knights of Malta, members of Export Commandery No. 501, and citizens of Pennsylvania, asking for the passage of the Towner-Sterling bill for the creation of a department of education; to the Committee on Education.

6905. Also, petition of sundry citizens of Pennsylvania, favoring a joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6906. Also, petition of Order Eastern Star, members of Greensburg Chapter, and citizens of Pennsylvania, asking for the passage of the Towner-Sterling bill for the creation of a department of education; to the Committee on Education.

SENATE.

THURSDAY, January 18, 1923.

(Legislative day of Tuesday, January 16, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

INVITATION TO ARMY WAR COLLEGE.

The VICE PRESIDENT laid before the Senate a communication from the commandant of the Army War College, extending an invitation to the Members of the Senate to attend conferences and lectures at the War College on the campaigns and battles of the World War, which was read and ordered to lie on the table, as follows:

THE ARMY WAR COLLEGE,
Washington Barracks, D. C., January 17, 1923.
The VICE PRESIDENT,
Senate Chamber.

MY DEAR SIR: On January 25, 26, and 27 the program of conferences and lectures at the Army War College includes subjects which, I believe, will be of special interest to Members of Congress as indicating the character of work that is being done at this institution.

These conferences will cover some of the phases of the more important campaigns and battles of the World War. While the doors of the college are always open to Members of Congress and we are glad to have them visit us at any time, I am sending the program of these three days with a special invitation to you and the Members of the Senate to be present at some or all of these conferences. The program has been arranged in the hope that it will meet the convenience of the Members.

Very sincerely yours,
E. F. McGLACHLIN, Jr.,
Major General, United States Army, Commandant.

THE ARMY WAR COLLEGE,
Washington Barracks, D. C., January 17, 1923.
COURSE AT THE ARMY WAR COLLEGE, 1922-23.

PROGRAM FOR DISCUSSION OF BATTLE FRONTS.

Thursday, January 25: 9.05 to 10.20 a. m., Nivelle's attack of 1917; 10.30 to 12 m., the Dardanelles.
Friday, January 26: 9.05 to 10.20 a. m., Rumanian campaign; 10.30 to 12 m., the Battle of Jutland.
Saturday, January 27: 9.05 to 10.20 a. m., the situation on the western front in July, 1918, from the German high command viewpoint; 10.30 to 12 m., the March, 1918, offensive, from the viewpoint of the German high command.

SUPPLY OF WHITE ARSENIC IN THE UNITED STATES (S. DOC. NO. 290).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Agriculture, transmitting, in response to Senate Resolution 377, agreed to December 6, 1922, a joint report on the available supply of arsenic to meet the demand in 1923, by Mr. B. R. Coad, of the Bureau of Entomology, Agricultural Department, and Mr. G. F. Loughlin, of the United States Geological Survey, Interior Department, which, with the accompanying papers, was referred to the Committee on Agriculture and Forestry and ordered to be printed.

BRIDGE BILLS.

Mr. CALDER. From the Committee on Commerce I wish to report one Senate and several House bills giving permission for the erection of bridges over navigable streams. There is no objection to them; they are in regular form; and I shall ask unanimous consent for their present consideration.

The VICE PRESIDENT. Without objection, the reports will be received.

MERRIMACK RIVER BRIDGE.

Mr. CALDER. I report back favorably from the Committee on Commerce without amendment the bill (S. 4288) to grant the consent of Congress for the special commission constituted by an act of the Legislature of Massachusetts to construct a bridge across the Merrimack River. I ask unanimous consent for its present consideration.